

**Form A- Format of covering letter of the annual audit report to be filed with  
the stock exchanges**

1.	Name of the Company:	Ramco Systems Limited
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	Signed by- <input checked="" type="checkbox"/> CEO/Managing Director <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> Auditor of the company <input checked="" type="checkbox"/> Audit Committee Chairman	

**For Ramco Systems Limited**



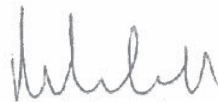
**P R Venketrama Raja**  
Vice Chairman & Managing Director



**Virender Aggarwal**  
Chief Executive Officer



**R Ravi Kula Chandran**  
Vice President - Finance



**M M Venkatachalam**  
Chairman of Audit Committee

**For CNGSN & Associates**  
Chartered Accountants  
Registration No.0049155



**C.N.GANGADARAN**  
Partner  
Membership No.11205

# RAMCO SYSTEMS LIMITED

REGISTERED OFFICE: 47, P.S.K NAGAR, RAJAPALAYAM - 626 108.

CORPORATE OFFICE: 64, SARDAR PATEL ROAD, TARAMANI, CHENNAI - 600 113.



## NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Sixteenth Annual General Meeting of the Members of Ramco Systems Limited, will be held on Monday, the 29<sup>th</sup> July, 2013, at 12.30 P.M. at Shri P A C Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam - 626 108 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditor thereon.
2. To appoint a director in the place of Shri N K Shrikantan Raja, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in the place of Shri A V Dharmakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. CNGSN & Associates, Chartered Accountants, Chennai, as the Statutory Auditors of the Company, who retire at the conclusion of this Annual General Meeting, to hold office until the conclusion of the next Annual General Meeting, on a remuneration of Rs.9,00,000/- (Rupees Nine Lakhs only) exclusive of Service Tax and Out of Pocket Expenses.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as **ORDINARY RESOLUTION**:

**“RESOLVED THAT** in supersession of the resolution passed by the members of the Company in the extra-ordinary general meeting held on 18<sup>th</sup> February, 2000, and pursuant to the provisions of Section 293(1)(d) of Companies Act, 1956 or any amendment or modifications thereof, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, to borrow and raise such sum or sums of money from time to time as may be required for the purposes of the business of the Company, and on such terms and conditions as the Board may consider necessary and expedient in the best interest of the Company, subject to the condition that such borrowing shall not exceed Rs. 5,00,00,00,000 (Rupees Five Hundred Crores only) at any point in time, not withstanding that the money to be borrowed together with the moneys already borrowed by the Company (excluding all temporary loans obtained by the Company from its bankers in the ordinary course of its business), will exceed the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.”

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as **SPECIAL RESOLUTION**:

**RESOLVED THAT** pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Regulations / Guidelines, prescribed by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be required, the Board (which term shall deem to include “Compensation Committee” or any “Sub Committee” thereof, constituted by the Board to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised, on behalf of the Company to grant from time to time, in one or more tranches, options to apply for equity shares of the face value of Rs.10 each, of the Company to or for the benefit of the employees of the Company and /or its subsidiaries as may be determined by the Compensation Committee (including the Directors of the Company, whether whole-time Director or not) under a Scheme titled **“EMPLOYEES STOCK OPTION SCHEME, 2013”** (hereinafter referred to as “ESOS 2013”) to be evolved in this regard, and consequently create, issue, offer, allocate and allot at any time and from time to time, equity shares not exceeding 10,00,000 (Ten Lakhs only) of Rs.10 each in terms of such options. The options and the consequential issue, offer, allocation and allotment of shares shall be at such price including at a discount to the market price, in such

manner, during such period in one or more tranches and on such other terms and conditions as the Board may decide from time to time. The Board may fix such price including at a discount to the market price, terms and conditions and criteria for grant of option, in respect of each tranche of options granted.

**RESOLVED FURTHER THAT** the non-executive directors of the Company, including independent directors, be granted up to a maximum of 2,00,000 Stock Options per annum and upto a maximum of 4,00,000 stock options in the aggregate under ESOS 2013.

**RESOLVED FURTHER THAT** to the extent permitted as per the existing provisions of law in this regard all/any equity shares resulting from the conversion of the Options to be allotted as an outcome of the above mentioned resolution shall, upon allotment, rank pari passu in all respects inter-se as also with the then existing equity shares including dividend entitlement.

**RESOLVED FURTHER THAT** the Board of directors of the Company including its Sub Committee constituted in this regard/as may be constituted in this regard, be and are hereby authorized to determine all the terms and conditions for the purpose of giving effect to any offer, issue or allotment of equity shares, as described above, under ESOS 2013, and further do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s) including to amend or modify any of the terms of such issue(s) or allotment(s).

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of its powers to any Sub Committee consisting of one or more Officers/Directors of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the shares allotted under ESOS 2013 on one or more recognized Stock Exchanges, in India or abroad, where the Company's shares are listed, as per the terms and conditions of the Listing Agreement with the Stock Exchanges concerned, and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing.

7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** the benefits of the Employee Stock Option Scheme, 2013, as contained in resolution No. 6 of this Notice, be extended to the employees of the subsidiaries/holding company of the Company on the terms and conditions as may be determined by the Board in accordance with Resolution No.6.”

By Order of the Board  
**For RAMCO SYSTEMS LIMITED**

Place: Chennai  
Date : 30<sup>th</sup> May, 2013

**P R RAMASUBRAHMANEYA RAJHA**  
CHAIRMAN

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member of the Company. The instrument appointing a Proxy must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. Additional information in respect of the Directors seeking re-election as required to be disclosed under the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.
3. Members are requested to intimate any change in address or bank mandates to their Depository Participant with whom they are maintaining their demat accounts for shares held in electronic mode or to the Registrar and Share Transfer Agents of the Company, if the shares are held in physical form.

4. The Register of Members of the Company would remain closed on Monday, the 29<sup>th</sup> July, 2013, for the purpose of compliance with Clause 16 of the Listing Agreement.
5. Members / Proxies should bring the Attendance slip sent herewith, duly filled in, for attending the meeting. The Corporate Members are requested to bring a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting of the Company.

## **ANNEXURE TO THE NOTICE**

### **A. ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING:**

As per the provisions of Section 256 of the Companies Act, 1956, Shri N K Shrikantan Raja and Shri A V Dharmakrishnan, Directors, are retiring by rotation and are seeking re-election at the ensuing Annual General Meeting.

In terms of the requirement of provisions of Clause 49 of the Listing Agreement, the following information is provided in respect of the above Directors retiring by rotation:

#### **Shri N K Shrikantan Raja**

Shri N K Shrikantan Raja, aged 64 years, holds a degree in Commerce from the University of Madras in 1971. He is the member of Shareholders Committee and the Remuneration Committee of the Board of Directors of the Company. He is a director of the Company since incorporation.

He is a Director on the Board of the following other Companies:

<b>Sl.No</b>	<b>Name of the Company</b>	<b>Designation</b>
1	The Ramaraju Surgical Cotton Mills Limited	Director
2	Sri Yannarkay Servicers Limited	Director
3	Ramco Industries Limited	Director
4	Sandhya Spinning Mill Limited	Director
5	Sudarsanam Investments Limited	Director
6	Sri Vishnu Shankar Mill Limited	Director
7	N.R.K Construction Systems Private Limited	Director
8	N.R.K Infra System Private Limited	Director
9	Sri Harini Textiles Limited	Director

Shri N K Shrikantan Raja holds 6,702 equity shares of Rs.10 each in the Company.

#### **Shri A V Dharmakrishnan**

Shri A V Dharmakrishnan aged 56 years, is a member of Institute of Chartered Accountants of India. He is currently the Chief Executive Officer of M/s. Madras Cements Limited and has been associated with the Ramco Group for 31 years since May 1982.

He is a Director on the Board of the following other Companies:

<b>Sl.No</b>	<b>Name of the Company</b>	<b>Designation</b>
1	Rajapalayam Mills limited	Director
2	Ontime Industrial Services Limited	Director

Shri A V Dharmakrishnan holds 2,484 equity shares in the Company.

## Interest of Directors

Shri N K Shrikantan Raja and Shri A V Dharmakrishnan may be deemed to be concerned or interested in their re-appointment. No other Directors are concerned or interested in their re-appointment.

## B. EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

### Item No.5

Section 293(1) (d) of the Companies Act, 1956 provides that the Company cannot borrow money where the monies so borrowed together with monies already borrowed exceed the aggregate of the paid-up capital of the Company and its free reserves without the sanction of a General Meeting. By a resolution passed at the Extra-ordinary General Meeting of the shareholders of this Company held on 18<sup>th</sup> February, 2000, the Directors were authorized to borrow money upto a limit of Rupees 250 Crores over and above the paid-up capital and free reserves, i.e. reserves not set apart any specific purposes. Since then the Company has set up new subsidiaries, expanded its offerings and invested in Research & Development activities aimed at taking the products to the Global market. In order to compete and build market leadership, the Company is planning to focus on offerings that show tremendous growth potential. The Company is consolidating and synergizing the internal assets to build futuristic solutions in its products to compete with global majors in the International market.

The Company has also embarked on taking the products to the new-age Gen-Y customers of tomorrow, driven around the product philosophy of MUSIC (an acronym for Mobility, User Interface, Social, In-Memory and Context Aware). This new focus and change would positively help the Company and its customers to embrace future trends ahead of competition and benefit immensely.

Further, in order to promote brand visibility marketing spend has to be increased.

All these initiatives require sizeable investment. To meet the funds requirement the Company may have to consider the option of borrowing funds on temporary basis exceeding the existing limit of Rs. 250 Crores over and above the paid up capital and free reserves. As such the Directors of the Company commend for your approval the resolution mentioned in this item.

None of the Directors of the Company is concerned or interested in this resolution.

### Item No.6 & 7

#### (A) Present Stock Option Schemes

The shareholders have, in their General Meetings, vide special resolutions, approved formulation of Equity Stock Option Schemes from time to time, for the benefit of employees and Non promoter Directors of the Company and of the subsidiary Companies and further approved necessary authorizations thereof, as per the details given below:

General Meetings	Name of the Stock Option Plan	Maximum Number of Equity Share Options
28 <sup>th</sup> Aug, 2000	ESOP 2000	1,60,000
9 <sup>th</sup> Apr, 2003	ESOS 2003	5,00,000
24 <sup>th</sup> Dec, 2004	ESOS 2004	12,00,000
18 <sup>th</sup> September, 2008	ESOS 2008	12,00,000
5 <sup>th</sup> August, 2009	ESOS 2009 Plan A	5,00,000
5 <sup>th</sup> August, 2009	ESOS 2009 Plan B	7,50,000
Total		43,10,000

Apart from the above, the members had also approved the grant of 1,00,000 shares under Employee Stock Purchase Scheme (ESPS 2004).

In terms of the above approvals obtained in accordance with the provisions of the Companies Act, 1956 and the Securities Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as SEBI Guidelines), the Company had in consultation with the Merchant Bankers, viz, Indbank Merchant Banking Services Limited, formulated the detailed schemes for ESOP 2000, ESOS 2003, ESOS 2004, ESOS 2008, ESOS 2009 Plan-A and ESOS 2009 Plan-B and the Compensation Committee of the Board of Directors of the Company have been granting options under the subject schemes from time to time. The details of each of the above mentioned schemes are being disclosed every year in the Corporate Governance section of the Annual Report of the Company.

#### **(B) Proposed Employee Stock Option Scheme, 2013 (ESOS 2013)**

In order to cover the further categories of employees and to grant additional stock options to eligible existing employees and further in order to incentivize and retain the right talent under the current market conditions, it is proposed to formulate a fresh stock option scheme with varied conditions of vesting and exercise which are beneficial to the employees. Accordingly, the Company plans to formulate "Employee Stock Option Scheme 2013" (ESOS 2013) with the aggregate shares underlying the stock option scheme as 10,00,000 equity shares of Rs.10/- each.

The schemes shall be formulated in accordance with the guidelines laid down under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, with subsequent amendments thereto and such other laws, as may be applicable in this regard. The information as required under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with subsequent amendments thereto, explaining the salient features of the schemes are given below:

##### **i) Total Number of options to be granted**

The total number of options to be granted under the scheme which are convertible into equity shares, shall not exceed 10,00,000 equity shares of Rs.10/- each (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organization of the capital structure of the Company, as may be applicable from time to time).

##### **ii) Identification of classes of employees entitled to participate in the ESOS 2013**

The Scheme shall extend to all the permanent employees on the rolls of the Company and its subsidiaries (present and future) as may be determined by the Board/Compensation Committee (CC). The scheme shall also extend to new recruits of the Company and its subsidiaries as may be determined by Board/CC from time to time.

The Scheme shall not extend to any Promoter or those belonging to the Promoter Group or to any director who either by himself or through his relatives(s) or through any Body Corporate, directly or indirectly hold more than 10% of the outstanding equity shares.

##### **iii) Requirements of vesting and period of vesting**

The continuation of employee in the services of the Company shall be a primary requirement of vesting. The Board/CC shall formulate other requirements of vesting which may inter-alia include efficiency or productivity criteria. The grant of stock options shall be made as per ESOS 2013 as framed by the Board/CC. The minimum vesting period of an option under the Scheme shall not be less than a period of 12 months from the date of grant(s) of options and maximum vesting period shall not exceed ten (10) years from the date of grant or such period as may be determined by the Board/CC. The share option may vest in tranches, subject to the terms and conditions as may be stipulated by the Board/CC.

##### **iv) Exercise price or pricing formula**

As per SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the Companies granting option to its employees pursuant to ESOS will have the freedom to determine the exercise price subject to confirmation to the accounting policies specified in clause 13.1 of the aforesaid guidelines, which specifies that any option discount to the market price should be accounted for as deferred employee compensation cost and amortized over the

vesting period (Option discount means the excess of the market price of the share as on the date of grant of the option under ESOS over the exercise price of the option).

Subject to the above Clause, the Company has freedom to price the options. The exercise price in respect of each tranche of the options shall not be less than the face value of the equity shares (which shall be calculated in accordance with the applicable law and if applicable, adjusted from time to time for any bonus, stock splits or consolidations or other re-organization of the capital structure of the Company) on the date of grant of option. The Board/CC would fix the exercise price in accordance with the provisions of the SEBI (Employees Stock option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, for the options to be granted pursuant to this scheme from time to time.

**v) Exercise period and procedure for exercise**

The options granted under ESOS 2013 shall be exercisable at such times and under such conditions as may be determined by the Compensation Committee from time to time. The options shall become exercisable in part or whole, but within the overall exercise period permitted under the Scheme.

**vi) The appraisal process for determining the eligibility of employees to the ESOS 2013**

The eligible employees from each of the categories will be determined by the Board/CC. The Board or the Committee as the case may be, may prescribe different sets of criteria for each of the tranche of options/categories of the eligible employees with respect to the tranches, performance benchmark to be achieved, tenure of service etc., in respect of the Scheme.

**vii) Maximum number of options to be issued per employees and in aggregate**

The maximum number of options granted to any one employee in a year will not be equal to or exceed 1% of the issued equity share capital of the Company (excluding outstanding warrants and conversions) at the time of granting the Option. However approval of the shareholders by way of separate resolution would be sought, in case the Company proposes to grant options to the identified employee(s) exceeding one percent of the issued share capital of the Company.

**viii) Accounting Policies**

The Company shall comply with the accounting policies specified in Schedule I referred to in Clause 13.1 of the SEBI guidelines, in respect of the Shares issued under ESOS 2013.

**ix) Method of Valuation**

The Company shall use one of the applicable methods (intrinsic value or fair value) to value its options. In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and the impact of this difference on profits and on Earnings Per Share (EPS) of the Company shall also be disclosed in the Directors Report.

**INTEREST OF DIRECTORS**

None of the directors are concerned or interested in the resolutions.

By Order of the Board  
For **RAMCO SYSTEMS LIMITED**

Place: Chennai  
Date : 30<sup>th</sup> May, 2013

**P R RAMASUBRAHMANEYA RAJHA**  
CHAIRMAN

**RAMCO SYSTEMS LIMITED**REGISTERED OFFICE: 47, P.S.K NAGAR, RAJAPALAYAM - 626 108.  
CORPORATE OFFICE: 64, SARDAR PATEL ROAD, TARAMANI, CHENNAI - 600 113.

DP. ID No.	
Client ID No.	
Folio No.	
No. of Shares	

**ATTENDANCE SLIP**

(to be handed over at the entrance of the Meeting Hall)

Name of the attending Member / Proxy (in Block Letters): .....

I hereby record my presence at the Sixteenth Annual General Meeting of Ramco Systems Limited, held on Monday, the 29<sup>th</sup> July, 2013, at 12.30 p.m. at Shri P A C Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam - 626 108.

Member's / Proxy's Signature

**RAMCO SYSTEMS LIMITED**REGISTERED OFFICE: 47, P.S.K NAGAR, RAJAPALAYAM - 626 108.  
CORPORATE OFFICE: 64, SARDAR PATEL ROAD, TARAMANI, CHENNAI - 600 113.

DP. ID No.	
Client ID No.	
Folio No.	
No. of Shares	

**PROXY FORM**

I/We .....Son / Wife / Daughter of .....

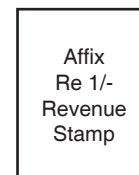
residing at .....

being a member / members of Ramco Systems Limited do hereby appoint Shri / Smt.....

Son / Wife / Daughter of..... residing at .....

failing him / her, Shri / Smt..... Son / Wife / Daughter of .....

residing at .....

as my / our proxy to vote for me / us on my / our behalf at the Sixteenth Annual General Meeting of the company to be held on Monday, the 29<sup>th</sup> July, 2013 at 12.30 p.m. and at any adjournment thereof.

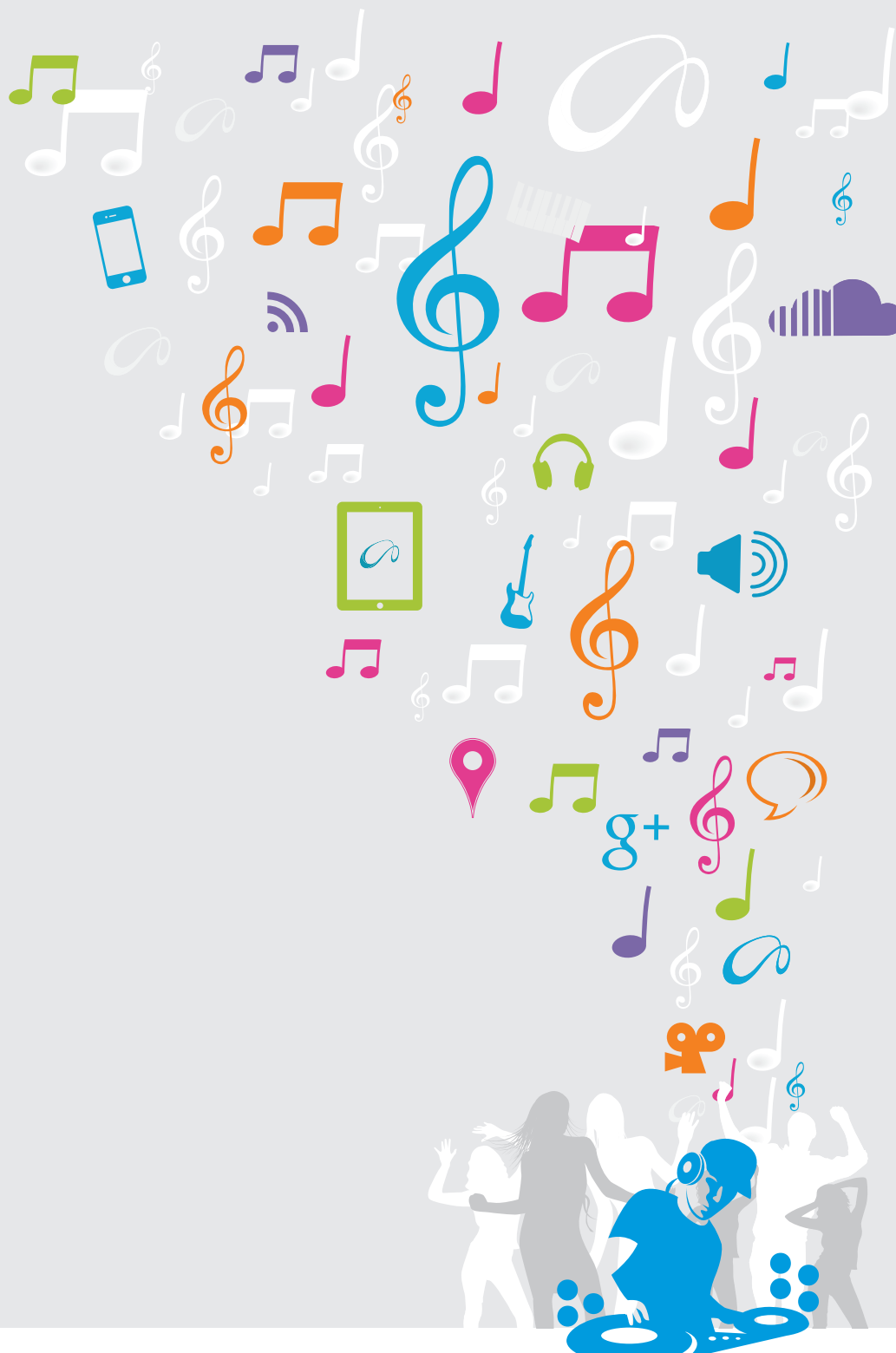
Member's Signature

Signed this ..... day of ..... 2013.

**Note: A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member of the Company. The instrument appointing a Proxy must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**







**M**  
MOBILITY

**U**  
USER  
INTERFACE

**S**  
SOCIAL

**N**  
MEMORY

**C**  
CONTEXT AWARE

**DRIVING TECHNOLOGY  
AROUND CUSTOMER CENTRICITY!**

  
**ramco**

Annual Report 2012 - 2013



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P R Ramasubrahmaneya Rajha



P R Venketrama Raja

## Letter to Shareholders

*Without change there is no innovation, creativity, or incentive for improvement.*

### Dear Shareholders,

The year 2012-13 has witnessed significant changes, and the company has emerged with a new thinking and outlook towards business. We are delighted to inform you that the last year has been very fruitful for us with new orders across major verticals, worldwide. Today, Ramco ERP on Cloud and Ramco Aviation Suite empower leaders across key markets, and Ramco HCM is gearing towards breaking into the big league with its strong foundation.

Globalization and changing technology trends have resulted in a paradigm shift in user preference. Today, business users are looking for seamless access from desktops to mobile devices, an interface that can understand their needs while being simple to use and a solution that is socially connected. This has led us to design a product philosophy that addresses the new-age Gen-Y customers of tomorrow. Our product philosophy is driven around MUSIC (an acronym for Mobility, User Interface, Social, In-Memory and Context Aware). This new focus and change has positively helped us and our customers to embrace future trends ahead of competition and benefit immensely.

This year has also made our footprint visible in the international market. We opened up a subsidiary in Australia and have also set up a new office in North America. To serve the needs of global customers, we launched Ramco ERP on Cloud on the Amazon Web Services platform. Hosted across US, Australia and Singapore, our global customers today leverage AWS's secure, reliable and cost-effective cloud infrastructure. With the right product, right infrastructure and a host of able partners, we have been steadily growing our cloud footprint, globally. We also added spatial capability into our Cloud ERP with the integration of Google Maps into our Cloud solution. This has helped customers to get a real-time view of their business, and truly leverage the power of a 'Connected Enterprise', anytime, anywhere.

The Aviation business continues to fly high and is poised for further growth, with the launch of a Cloud version of our Aviation solution, focused at addressing small-operators & MROs. The highlight of the year was the three-day Aviation User Conference—Ramco User Meet—which set the platform for both users and us to network, exchange ideas and draw up the product roadmap for the year ahead.

Overall, this year has set the foundation for our future growth. As we get ready to ascertain a position in the global Cloud enterprise market, we thank our stakeholders—you, our shareholders; clients; partners and employees—for your continued support and belief in our products and offerings.

**P R Ramasubrahmaneya Rajha**  
Chairman

**P R Venketrama Raja**  
Vice Chairman & Managing Director

## **Corporate Theme**

### **Value Co-creation**

At Ramco, we believe that the best way for a company to differentiate itself from others is to adopt 'value creation' as a way of life rather than treating it as yet another management program. Creating value for all the stakeholders has become part of our culture rather than a one-off initiative. In an environment where partnerships are built on trust, where focus is on providing superior services and driving innovation, value creation has become a must. This is reflected in our focus towards driving technology around customer centricity. Our all new product philosophy driven around MUSIC (Mobility, User interface, Social, In Memory and Context aware) is a testimony to this underlying belief.

### **Customers**

Today, we can proudly say that we are moving away from the traditional assumption that the company and customers have distinct roles, and the latter plays a passive role while evaluating software products and services. At Ramco, a customer is actively engaged and is welcomed with qualified expertise, insights, answers and solutions that are right for his business.

Our software products and services are built over years of R&D, ensuring that our customers find them evergreen. This is possible because of our collaborative solution innovation platform, Ramco VirtualWorks® and Ramco DecisionWorks™, which enables us to undertake product and process innovation, and address unique customer needs with ever-increasing speed and precision.

We understand user needs and have charted out a product roadmap (MUSIC) which addresses all the pain points of our customers. Mobility enables the access to our products anywhere anytime, with a cool interface that reflects both transaction and analytics in a single interface. We understand that Social will play a pivotal role in the future and are gearing up to this challenge. The In Memory capabilities of the product enables speed and solves complex problems, while context awareness ensures that the customer gets a personalized experience which maps the role, location and usage pattern of the user.

### **Employees**

At new age Ramco, the focus is on Experimentation, Innovation and Customer delight. All employees are encouraged to be outward focused and customer driven. Employees are given the freedom to share their ideas and suggestions and enjoy every aspect of their work. There is an inherent effort to build a flat and open organization where employees are encouraged to share knowledge and grow. Innovation & fun at work are the two aspects that we preach and practice across the organization.

Working our way towards better employee welfare, Ramco, increased compensation for those who showed commitment and exemplary skills, recruited fresh faces from premier engineering and business schools and provided them with comprehensive mentoring programs.

### **Partners**

We value the importance of partners and associates in today's globalized business environment and thus address them as "Force Multipliers". Ramco's ecosystem of partners brings together diverse relationships, resources and communities to help us develop and deliver next-gen solutions. Our Partner ecosystem consists of Business Partners, System Integration, Consulting and Technology partners. Growing from the success of our partner model in the domestic market, we have spread our efforts to establish partner networks in US, UK, Middle East, Australia, Africa and APAC.

We believe that success is a combination of various factors, resulting in an environment where all entities exist harmoniously. We firmly believe that by co-creating value, our customers, partners and employees can actively work together towards achieving success.

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## **RAMCO SYSTEMS LIMITED**

### **BOARD OF DIRECTORS**

Shri P R RAMASUBRAHMANEYA RAJHA  
Chairman

Shri P R VENKETRAMA RAJA  
Vice Chairman and Managing Director

Shri S S RAMACHANDRA RAJA  
Shri N K SHRIKANTAN RAJA  
Shri M M VENKATACHALAM  
Shri V JAGADISAN  
Shri A V DHARMAKRISHNAN  
Shri R S AGARWAL

### **AUDITORS**

Messrs CNGSN & ASSOCIATES  
Chartered Accountants, Chennai

### **BANKERS**

AXIS Bank Limited  
IDBI Bank Limited  
Kotak Mahindra Bank Limited  
IndusInd Bank Limited  
ICICI Bank Limited  
Yes Bank Limited  
Karur Vysya Bank Limited  
HDFC Bank Limited

### **REGISTERED OFFICE**

No.47, P.S.K. Nagar, Rajapalayam - 626 108

### **CORPORATE OFFICE & RESEARCH AND DEVELOPMENT CENTRE**

No.64, Sardar Patel Road, Taramani, Chennai - 600 113

### **WEBSITE**

[www.ramco.com](http://www.ramco.com)

### **SUBSIDIARIES**

Ramco Systems Corporation, USA  
Ramco Systems Ltd., Switzerland  
Ramco Systems Pte. Ltd., Singapore  
Ramco Systems Sdn. Bhd., Malaysia  
RSL Enterprise Solutions (Pty) Ltd., South Africa  
Ramco Systems Canada Inc., Canada  
Ramco Systems FZ-LLC, Dubai  
RSL Software Company Ltd., Sudan  
Ramco Systems Australia Pty Ltd., Australia

### **REGISTRAR AND SHARE TRANSFER AGENT**

Messrs Cameo Corporate Services Limited  
Subramanian Building, No.1, Club House Road, Mount Road, Chennai - 600 002



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## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

### 1. FINANCIAL RESULTS

The standalone and consolidated audited financial results for the year ended 31<sup>st</sup> March, 2013 are as follows:

Particulars	Standalone for the year ended 31 <sup>st</sup> March,		Consolidated for the year ended 31 <sup>st</sup> March,	
	2013 (in Rs. Million)	2012	2013 (in USD Million)	2012
Revenue from Operations	1,690.93	1,518.24	44.53	47.26
Other Income	60.82	56.64	1.51	2.37
<b>Total Revenue</b>	<b>1,751.75</b>	<b>1,574.88</b>	<b>46.04</b>	<b>49.63</b>
Expenditure				
- Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	16.79	(15.90)	0.33	(0.31)
- Purchase of Stock-in-trade	59.92	29.37	1.11	0.64
- Employee Benefit Expense	888.33	718.02	26.46	24.32
- Finance Costs	60.52	25.64	1.13	0.54
- Depreciation and Amortisation Expense	324.00	273.36	6.15	5.94
- Other Expenses	590.28	573.97	18.45	20.44
<b>Total Expenses</b>	<b>1,939.84</b>	<b>1,604.46</b>	<b>53.63</b>	<b>51.57</b>
<b>Profit / (Loss) Before Tax</b>	<b>(188.09)</b>	<b>(29.58)</b>	<b>(7.59)</b>	<b>(1.94)</b>
Tax Expenses				
- Current Tax	-	-	(0.01)	(0.10)
- Deferred Tax	-	-	-	-
<b>Profit / (Loss) After Tax and Before Minority Interest &amp; Equity in Earnings</b>	<b>(188.09)</b>	<b>(29.58)</b>	<b>(7.58)</b>	<b>(1.84)</b>
Minority Interest	-	-	0.04	0.04
Equity in Earnings of Affiliates	-	-	0.03	(0.09)
<b>Profit / (Loss) for the year</b>	<b>(188.09)</b>	<b>(29.58)</b>	<b>(7.51)</b>	<b>(1.89)</b>

### 2. BUSINESS OPERATIONS

The year 2012-13 has been a turning point with renewed thrust and momentum being placed on establishing Ramco's position in the global market. From being seen as an Indian provider of ERP on Cloud, Ramco embarked on a journey to position Ramco ERP on Cloud in the global market. With Cloud becoming mainstream, organizations across the world are slowly but steadily looking at leveraging Cloud-based solutions to improve their operational efficiencies and minimize their CAPEX spends.

#### Establishing Global Presence with Cloud Solutions:

After successfully building market recognition for Ramco ERP on Cloud in India, the company ventured into international shores with its Cloud offerings. This initiative was given the right impetus when we announced a strategic partnership with Amazon Web Services, whereby we host our cloud solutions on their platform. Our association with path breaking global technology providers such as Amazon, Google, and Dell, among others, have further reinforced market belief in the company, and helped establish our strength in newer markets.

The partner network has started yielding good results with around 45% of new customer additions being acquired through them. The year 2012-13 was rewarding with **Ramco ERP on Cloud** winning customers in 10 more countries across North America, Middle East, APAC and Australia, in addition to India, where we have continued to grow. The average size of customer and the subscription per user have also increased substantially compared to the previous years. The year also marked Ramco being positioned as a 'prominent player' for Cloud ERP in India by a leading Global Technology research firm.

To address large enterprises which have a distributed set up, multiple suppliers, multiple dealers, multiple products, and presence across many markets, the company launched **Ramco Connected Enterprise (RACE)**, a Cloud solution that helps the parent company connect with its extended enterprise and ecosystem.

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**Ramco Human Capital Management (HCM)** continued to show promising growth with new customers such as REDTAG, NBQ, and Khimji Ramdas among others being added over the year. The company also entered into strategic partnerships to offer HCM on Cloud 'as a platform', which has been gaining good momentum. The year ahead holds a lot of promise as the company has been working towards enhancing the HCM offering to address global payroll, Talent management, and offer the solution on Mobile devices with a cool new User Interface and Social features. The all new HCM is well set for breaking into the big league in the Cloud market.

### From Transaction to Analytics:

**Ramco Analytics** continues to grow its market presence, especially in key segments such as Banking and Financial Services Industry (BFSI), where it currently serves five of the top ten banks in India. Ramco's Automated Data Flow (ADF) offering which enables banks to comply with central Bank compliance requirements has been well-received in the Indian market.

### Governance, the IT way:

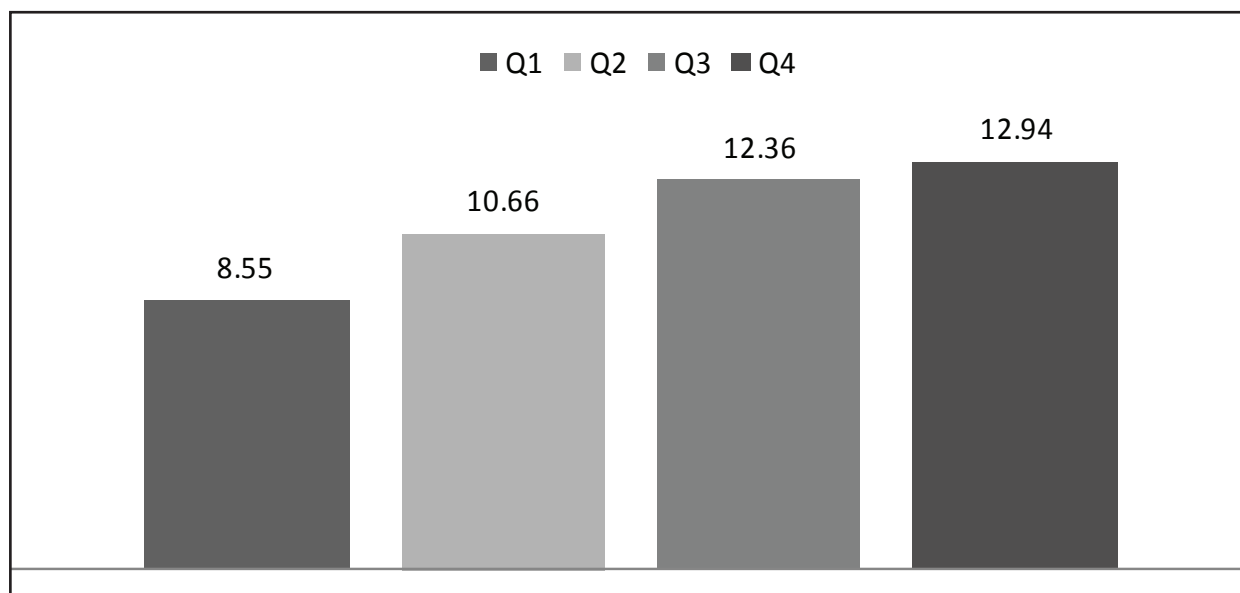
Governments across the world have been adopting latest technologies to plan, manage and execute projects effectively and efficiently. Ramco has been at the forefront of tapping this need by offering a tailor-made solution—**Ramco Government Resource Planning Suite**— that helps Local Governments and Municipalities manage their end-to-end operations. This year too, we had several repeat orders from Governments and Municipalities in Africa.

### Flying High with Ramco Aviation:

Ramco's understanding of the Aviation Industry, its tailor made solutions and sizeable customer base, has enabled it to grow its footprint across the globe. Starting the year on a high, Ramco Aviation announced its first order of the year with Caribbean Airlines and then added Emirates, GoAir, Air Tahiti and Hevilift among others. Ramco ended the year on a high with 10 customers coming on board, globally.

Exploring to expand the market, the company also launched **Ramco Aviation on Cloud** for Airlines, MROs (Maintenance, Repair & Overhaul) and CAMO (Continuing Airworthiness Management Organization) at the Airline & Aerospace MRO & Operations IT Conference – AMERICAS, held at Miami, Florida. With this launch, the company will now be able to address organizations—even operators with fleet sizes of less than 10 aircrafts and small MRO centers—with specialized, integrated MRO solutions. On the product front, the company announced the availability of the solution on iPad and iPhones.

Revenue Performance: FY 2012-13 (in USD Mln.)



### Fewer Offerings, Sharper Focus:

In order to compete and build market leadership, it is important that an enterprise's focus, energy and spends are directed towards offerings that show tremendous growth potential. In line with this, under the stewardship of the new CEO, Ramco identified five focus product groups as its focus offerings for the year ahead—ERP, HCM, Aviation, Analytics and GRP. This has helped consolidate and synergize the internal assets to build futuristic solutions that can compete with global majors in the International market.

### Product Philosophy:

Driven by the underlying theme of 'Customer Centricity', we believe that technology should simplify businesses, not complicate them; it should free you, not tie you down. It is this philosophy that has been the driving force behind all our innovations and product developments. The year 2012-13 paved way for a product philosophy, aimed at developing an ERP that can address the needs of the next-gen user, across the globe. Built around the five pillars of **Mobility, User Interface, Social, In-Memory and Context aware** solutions, Ramco's product philosophy of MUSIC (an abbreviation for the five pillars) has been well received and appreciated by the market.

- Mobility aims to connect business and users on the move.
- The Wizard Interface simplifies the complexities of an enterprise application. It is a combination of transaction and analytics, giving users a chance to manage routine tasks, aesthetically.
- The social aspect in the application reduces redundancy and latency in data handling and gamification, and when used as a persuasion technique, helps increase productivity.
- Operational efficiency, optimization of processes, complex scheduling of processes in an organization, etc. become elementary using the In-Memory capabilities of Ramco's application.
- The context-aware feature builds the ability of an ERP to know the user, the role of the user, his location and the device from which it is being used. It makes the application intelligent, intuitive and location aware.

Adding another dimension to our product value proposition was the launch of role based **WorkSpaces**. WorkSpaces fundamentally change the way users interact with the application. It blends transactions with useful analytics, relevant to the context, thus providing a comprehensive view that enables the user to make effective decisions. Role-based 'WorkSpaces' make the application "intuitive" and does away with the typical software usage experience of menus and screens. WorkSpaces present actionable data and alerts in the form of a to-do/exception list. This, in turn, enables users to prioritize work and effectively manage information flow, thereby enabling better productivity, reduced time and an enjoyable experience all together.

Going forward, the focus is to differentiate and stay ahead of the herd. Our years of experience and market knowledge are helping us get due attention. As we further strengthen our presence across newer markets, the focus is on building products and solutions that customers will vouch for, and in that process, build a successful organization.

### 3. INFORMATION ON SUBSIDIARIES

During the year the Company incorporated a wholly-owned subsidiary in Australia named Ramco Systems Australia Pty Ltd. The incorporation of RSL Software Company Limited, Sudan was also completed and capital contribution of the Company was made. As on 31<sup>st</sup> March, 2013, the Company has the following nine subsidiaries, Ramco Systems Corporation., USA; Ramco Systems Limited., Switzerland; Ramco Systems Pte. Ltd., Singapore; Ramco Systems Sdn. Bhd., Malaysia; RSL Enterprise Solutions (Pty) Ltd., South Africa; Ramco Systems Canada Inc., Canada (step down subsidiary of Ramco Systems Corporation., USA); Ramco Systems FZ-LLC, Dubai; RSL Software Company Limited, Sudan and Ramco Systems Australia Pty Ltd., Australia.

There has been no material change in the nature of the business of subsidiaries during the year. A statement containing the brief financial details of the subsidiaries is included in the Annual Report.

### 4. PARTICULARS REQUIRED UNDER SECTION 212 OF THE COMPANIES ACT, 1956

As required under the Listing Agreement entered into with the Stock Exchanges, the Global Consolidated Financial Statement together with Auditor Report thereon for the year ending 31<sup>st</sup> March, 2013 is presented in this Report.

MCA had issued General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011, granting exemption to all companies from the provisions of Section 212 of the Companies Act, 1956, subject to compliance with conditions mentioned in the said circular. Among other things, the said circular requires the presentation of Audited Consolidated Financial statement of the holding

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company and all the subsidiaries in compliance with the applicable Accounting Standards and Listing Agreement in the Annual Report. In line with this, we present the Global Consolidated Financial Statements consolidating the financial statements of the Company and its nine subsidiaries viz., Ramco Systems Corporation., USA; Ramco Systems Limited., Switzerland; Ramco Systems Pte. Ltd., Singapore; Ramco Systems Sdn. Bhd., Malaysia; RSL Enterprise Solutions (Pty) Ltd., South Africa; Ramco Systems Canada Inc., Canada (step down subsidiary of Ramco Systems Corporation., USA); Ramco Systems FZ-LLC., Dubai; RSL Software Company Limited, Sudan and Ramco Systems Pty Australia Ltd., Australia. Consequently, we are not attaching the Financial Statements of these Subsidiaries.

Further, the Annual Accounts of the said subsidiaries and the related detailed information will be made available to the Shareholders of the Company and its Subsidiaries seeking such information at any point of time and the same shall be kept for inspection by any Shareholder at the Corporate Office of the Company.

## 5. CHANGES IN CAPITAL STRUCTURE

During the Financial Year 2012-13, the Share Capital of the Company has undergone change to the extent of allotment of shares to eligible employees under the Company's Employee Stock Option Scheme, 2008 (ESOS 2008), Employee Stock Option Scheme, 2009-Plan A (ESOS 2009-Plan A), Employee Stock Option Scheme, 2009-Plan B (ESOS 2009-Plan B) and Employees Share Purchase Scheme, 2004 (ESPS 2004). The Company has allotted a total of 2,20,372 equity shares to the employees of the Company and its Subsidiaries during the year pursuant to exercise of the vested options and shares allotted under ESPS.

The following table presents the allotment of equity shares by the allotment committee of the Board during the year under review:

<b>Date of allotment</b>	<b>No. of Shares Allotted</b>
24 <sup>th</sup> April, 2012	14,340
28 <sup>th</sup> May, 2012	1,03,000
25 <sup>th</sup> June, 2012	4,807
24 <sup>th</sup> July, 2012	23,530
23 <sup>rd</sup> August, 2012	17,638
5 <sup>th</sup> October, 2012	10,145
7 <sup>th</sup> November, 2012	14,809
12 <sup>th</sup> December, 2012	12,982
29 <sup>th</sup> January, 2013	16,637
20 <sup>th</sup> March, 2013	2,484
<b>Total</b>	<b>2,20,372</b>

Consequent to the above the paid up equity share capital of the Company has increased from Rs. 15,51,67,430 (comprising of 1,55,16,743 shares of Rs.10 each) to Rs. 15,73,71,150 (comprising of 1,57,37,115 shares of Rs.10 each).

## 6. RIGHTS ISSUE 2013

The Board of Directors of the Company had, in its meeting held on 30<sup>th</sup> May, 2013 approved a Rights Issue of equity shares to raise up to Rs. 125 Crores ("Rights Issue") and constituted a Committee of Directors named "Rights Issue 2013 Committee" to finalize the modalities and steps involved in the Rights Issue.

## 7. RESEARCH AND DEVELOPMENT

As in previous years, special emphasis has been placed on R&D in Ramco Systems this year. R&D efforts have been channelized towards providing various enhancements in our products such as Ramco ERP on Cloud – Standard (REOCS), Ramco ERP on Cloud – Enterprise (REOCE), Ramco VirtualWorks®, and Ramco DecisionWorks™.

### Ramco ERP on Cloud – Standard (REOCS)

The year 2012-13 saw the expansion of the REOCS product into the Global market. The Product has been enhanced to address the needs of customers in US, ASEAN, Australia, Africa and Middle East regions. Enterprise Asset Maintenance Module is a significant addition to the Product portfolio. Maintenance Management solution in RODE provides an integrated

solution for handling maintenance needs of the organization. Organizations can effectively identify record, track and execute maintenance needs of its assets. The solution will help organization to plan and schedule maintenance activities to prevent or predict failures and ensure that the machinery in the organization is geared to meet the production challenges without any disruption.

Significant Improvements have been made in the Production Module to cater to the needs of Process Manufacturing Industries. The product's comprehensive process manufacturing helps to gain end to end visibility across the manufacturing cycle and allow the user to take full control of shop floor and exercise stringent control over materials, products and processes while adhering to quality and safety.

The HCM and payroll module has been completely revamped to provide an Ultra-Cool Interface through the use of Workspaces. HCM / Payroll continues to stay at the leading edge of technology through the adoption of Mobile technology, In Memory Payroll, Social Media integration and Gamification. Global Payroll has grown in leaps and bounds with the support for several countries across the globe.

Tremendous strides have been taken in the design and Development of RACE (Ramco Connected Enterprise). A full fledged Dealer Management System has been developed based on this architecture.

The rapid adoption of SOA (Service Oriented Architecture) based on the Ramco IRIS Framework has facilitated ease of integration on the cloud by means of Web Services. Analytics Applications based on Ramco Decision Works is also a significant achievement this year.

### **Ramco ERP on Cloud – Enterprise (REOCE)**

Ramco ERP on Cloud – Enterprise Edition (REOCE) was enhanced with features for MUSIC (Mobile, Usability, Social, In memory and Context aware) in keeping with the company's technology vision. iPhone applications for work order reporting, Inspection order reporting, Fault reporting and spares / stock enquiry have been developed. User friendly Work spaces with Ultra-Cool interfaces have been built for Branch & corporate Purchasing and stores operation, bulk processing for increments / pay elements/ appraisal etc.

Additionally, functional improvements like new module for Transport Management, service resource management and features enhancements including Supplier / Customer Adjustments across Business Units, Transaction-wise Supplier / Customer Revaluation, Transfer of Capital-Work-in-Progress across Asset Classes, Milestone Based Payments, Capability to do Root Cause Analysis on Maintenance Work Order, Event Based User Access control at Maintenance Work Log, Multilevel authorization for Project, Proposal, Project Milestones, Vehicle Request & Payroll process, Auto generation of Subcontract Request & Stock Transfer Order for Projects, and Adhoc travel expense settlement were developed.

The global payroll application has been extended to cover Thailand, USA, UK, TAIWAN, Hong Kong, Philippines, Vietnam and Australia. Technological advancements like Fire and Forget Services were also incorporated. Capability to run Payroll processing with In Memory computing has been added. Employee socialising features like Wish your Colleague, Corporate Message, News / Bulletin, Circulars and Thought for the Day, Google map integration for fault reporting & stock enquiry were added.

Now REOCE application reports can now be rendered through Ramco Advanced Reporting and Intelligence tool as well as Crystal reports.

### **Ramco VirtualWorks®**

Ramco Systems has developed and deployed powerful solutions in various Geographies and Industry Segments for over a decade. At the heart of these offerings is our highly flexible platform - Ramco VirtualWorks®: a collaborative solution innovation platform. Its unique collaborative co-creation process results in enterprise solutions that fit like a glove, and integrate seamlessly with other technology systems, platforms and applications. Ramco VirtualWorks® enables enterprises build their next generation enterprise solution with a powerful infrastructure which provides complete control over its software assets, enables reduced time for transformation / development and exceptional quality.

Ramco VirtualWorks® comprises a Model driven development Environment, a Business Services Repository, Service Oriented Architecture (SOA) based Enterprise Solution Architecture and an Enterprise Event Bus, coupled with the Enterprise Information Management platform. Ramco VirtualWorks® also provides a comprehensive set of tools for partners as part of the Partner Development Kit (PDK). Extension Development Kit (EDK) has been enhanced for partners to develop extensions on the Cloud for Ramco OnDemand Customers. Query By Example (QBE) is a new tool provided for adhoc querying support through Ramco VirtualWorks® 3.0 framework.

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To further facilitate Implementation teams with a far reaching solution, Dynamic Extensions (DynEx), a capability that enables unique behavior for every customer from a single hosted code base. This has been a very powerful innovation which enables highly dynamic implementations on the cloud.

Ramco VirtualWorks® has been enhanced significantly to provide Rich Cool User Interfaces, based on the paradigm of Works spaces. Works spaces enable users to perform a lot of their day to day activities without jumping between screens. The user has access to various functional categories, transaction history, transaction Analytics, frequently used traversals and also a simplified data entry. A complex data entry requirement could be enabled by providing a link to the usual transaction screens.

Ramco VirtualWorks® provides a comprehensive infrastructure for addressing various integration needs of the customers. This enables a closer integration between solutions and an effective technology transition roadmap for the customer.

Ramco VirtualWorks® has been enriched with a powerful In-Memory process optimization engine, which being agent based, offers tremendous performance improvement for very complex application processing such as Payroll, MRP and Scheduling.

Ramco VirtualWorks® addresses all the requirements for rapid enterprise application development, deployment and maintenance at the lowest possible Total Cost of Ownership (TCO). Ramco VirtualWorks® incorporates concepts such as SOA, Componentization and support for Model driven development, making it the most comprehensive application framework for developing large enterprise applications.

## **Ramco DecisionWorks™**

This year the analytics group has made a number of significant product (prepackaged analytics) and platform deliveries. The prepackaged analytics area, covers product releases across Banking, Aviation and Equipment Rental & Maintenance leveraging on Ramco DecisionWorks™. On the platform side, viz., Ramco DecisionWorks™, significant enhancements include areas covering usability, performance and functionality. The notable enhancements themes covered are enhancements to Query and Reporting, through release of Advanced Reporting & intelligence, Planning and Budgeting, Workflow, Data Integration and Visualizations.

## **Ramco Aviation**

Ramco Aviation Solution underwent major functional and technical advancements in the year 2012-13, targeted towards market expansion and increased user adoption. The high level of focus on usability and application simplicity materialized in the form of specialized tablet and smartphone based mobility solutions for line maintenance. The product also saw the introduction of unified WorkSpaces – a radically different data driven user interaction model that places intuitiveness and simplicity at the center of user experience. Addition of offline maintenance capability that allows field operations to be conducted in a disconnected mode, increases the potential reach of the solution to more markets and diverse operating environments, which will serve to strengthen the product's leadership position in the world-wide helicopter operator market.

## **8. GREEN INITIATIVE IN THE CORPORATE GOVERNANCE**

MCA has implemented "Green Initiative in the Corporate Governance" vide Circular Nos. 17/2011 dated 21<sup>st</sup> April, 2011 and 18/2011 dated 29<sup>th</sup> April, 2011 enabling electronic delivery of Notices for General Meetings, Annual Report containing Balance Sheet, Profit & Loss Account, Auditor's Report, Directors' Report, etc., and other communications to the members.

As in earlier years, with intent to participate in the Green Initiative, the Company proposes to send such documents in electronic form to the E-Mail addresses of the members as available with the Depositories. Henceforth, the E-Mail addresses indicated in the respective Depository Participant (DP) accounts, periodically downloaded from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL), will be deemed to be the registered E-Mail address of the members for serving Notices for General Meetings, Annual Report containing Balance Sheet, Profit & Loss Account, Auditor's Report, Directors' Report, etc., and other communications. Full text of the above said documents will be also be displayed on the website of the Company, [www.ramco.com](http://www.ramco.com) and all other requirements of the aforesaid MCA circular will be duly complied with.

Members holding shares in electronic mode are therefore requested to ensure to keep their E-Mail addresses updated with the Depository Participant. Members holding shares in physical mode are also requested to provide the E-Mail address, quoting their Folio Number, to our Registrar and Share Transfer Agent, viz., Cameo Corporate Services Limited, (Unit: Ramco Systems Limited), by writing to them at Subramanian Building, No.1, Club House Road, Mount Road, Chennai 600 002, or by E-Mail to [investor@cameoindia.com](mailto:investor@cameoindia.com).

## 9. FIXED DEPOSIT

Your Company has not accepted any fixed deposits during the year.

## 10. BOARD OF DIRECTORS AND COMMITTEES

As per Section 255 and 256 of the Companies Act, 1956 Shri N K Shrikantan Raja and Shri A V Dharmakrishnan, Directors, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The Board of Directors recommends the above re-appointments for approval of the members.

The brief resume and other details relating to the directors, as stipulated under Clause 49(IV) (G) of the Listing Agreement, are furnished in the Notice of Annual General Meeting being sent to the members along with this Annual Report.

The Company has constituted the following Committees of the Board:

- (a) Audit Committee
- (b) Shareholders Committee
- (c) Remuneration Committee
- (d) Compensation Committee
- (e) Allotment Committee
- (f) Rights Issue 2013 Committee

Details about constitution, composition and terms of reference of the above referred Committees are elaborated in the Report on Corporate Governance which is annexed to, and forms part of, this report.

## 11. AUDITORS

M/s. CNGSN & Associates, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and being eligible pursuant to the provisions of the Companies Act, 1956 and the provisions of Clause 41 of the listing agreement, offer themselves for re-appointment. The Board of Directors recommends the Auditor's re-appointment.

## 12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Particulars as prescribed under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed to, and forms part of, this report (Refer Annexure A).

## 13. EMPLOYEE PARTICULARS

The particulars of Employees as required to be disclosed in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time, are included in the Directors' Report by way of an annexure. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all Shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Corporate Office of the Company.

## 14. EMPLOYEES STOCK OPTION PLAN/ SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME

The growth of the Company has, in large measure, been possible owing to the wholehearted support, commitment and teamwork of its personnel. Accordingly, the Company had instituted various Employee Stock Option Schemes / Plans (ESOS/ESOP) for the benefit of employees. The following schemes have been established by the Company:

- (A) Employee Stock Option Plan, 2000 (ESOP 2000)
- (B) Employee Stock Option Scheme, 2003 (ESOS 2003)
- (C) Employee Stock Option Scheme, 2004 (ESOS 2004)
- (D) Employee Stock Option Scheme, 2008 (ESOS 2008)
- (E) Employee Stock Option Scheme, 2009 – Plan A (ESOS 2009-Plan A)
- (F) Employee Stock Option Scheme, 2009 – Plan B (ESOS 2009-Plan B)



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The Company has also implemented the following Employee Share Purchase Plans /Schemes (ESPP/ESPS):

- (A) Employee Share Purchase Plan, 1999 (ESPP 1999)
- (B) Employee Stock Purchase Scheme, 2004 (ESPS 2004)

Details regarding the above mentioned schemes along with their status as per the requirements of SEBI (ESOS & ESPS) Guidelines, 1999, are annexed to, and forms part of, this report (Refer ANNEXURE B). Further, a certificate from Statutory Auditors, with respect to implementation of the above Employee's Stock Option Schemes in accordance with SEBI Guidelines and the resolution passed by the members of the Company, would be placed before the Shareholders at the ensuing Annual General Meeting, and a copy of the same shall be available for inspection at the Corporate Office of the Company.

## 15. CORPORATE GOVERNANCE REPORT & AUDITORS CERTIFICATE

The Company is committed to maintaining high standards of Corporate Governance, protecting the Customers', Shareholders' and other Stakeholders' interests. Towards this, the Company has adopted high standards of governance principles, practices and disclosure levels.

A detailed Corporate Governance Report of the Company (Refer ANNEXURE C) along with the declaration on Code of Conduct (Refer ANNEXURE D) and Statutory Auditor's Certificate (Refer ANNEXURE E) confirming Compliance with the conditions on Corporate Governance as stipulated in Clause 49 of the Listing agreement, are annexed to, and forms part of, this report.

## 16. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of requirement of Clause 49(IV) (F) of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report elaborating upon the operations of the Company is annexed to, and forms part of, this report (Refer ANNEXURE F).

## 17. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- that the selected Accounting Policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Annual Accounts were prepared for the Financial Year ended 31<sup>st</sup> March, 2013 on a going concern basis.

## ACKNOWLEDGEMENT

Your Directors take this opportunity to convey their appreciation for the support and co-operation received during the year under review, from all the Government Authorities, Shareholders, Clients, Vendors, Partners, Bankers and other Business Associates. Your Directors wish to place on record their deep sense of appreciation for the dedicated and sincere services rendered by the Employees at all levels.

**For and on Behalf of the Board**

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**P R RAMASUBRAHMANEYA RAJHA**  
CHAIRMAN

## ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### ANNEXURE A

In terms of Section 217(1)(e) of the Companies Act, 1956, (as amended) and the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the following information is furnished for the year ended 31<sup>st</sup> March, 2013.

(A) Conservation of Energy	:	The operations of the Company are not energy intensive and hence <b>Form A</b> is not presented
(B) Technology Absorption	:	Particulars given in <b>Form B</b>
(C) Foreign Exchange Earnings and Outgo		
i) Activities Relating to Export	:	Export of the Computer Software to US, Europe, Canada, Middle East, Asean, North and South Africa.
ii) Initiatives taken to increase exports	:	Marketing efforts are being made in the subsidiaries and branches abroad to increase sales and corresponding exports.
iii) Development of new export market for products and services	:	Marketing efforts are being made in countries like North and South Africa, Middle East, Asean and Australia
iv) Total foreign exchange used (Rs. mln)	:	127.97
v) Total Foreign Exchange Earnings (Rs. mln)	:	435.42

### FORM B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

**SPECIAL AREAS IN WHICH THE COMPANY CARRIES OUT R&D – Ramco VirtualWorks<sup>®</sup>, Ramco DecisionWorks<sup>™</sup>, Ramco ERP on Cloud – Standard (REOCS), Ramco ERP on Cloud – Enterprise (REOCE).**

#### The current version of Ramco VirtualWorks<sup>®</sup> is:

- A Scalable delivery platform for custom built applications and for implementing next generation global scale business solutions that provides change on demand to ensure that the information system changes in step with the business change
- Built on Business process based Approach that is radically different from the traditional approach
- Geared for the emerging asset based delivery model that is standards compliant and supports the business process platform strategy of an enterprise
- A complete infrastructure with tight integration to an inbuilt integration and process optimization framework.

The platform has Code generators that create the application using the various models created as part of the delivery process. It provides modeling capabilities to specify the applications at different levels of granularity starting from a business process level to specifications of a data access artifact. It also possesses an application preview facility to visualize applications and get user acceptance before they are assembled. Impact analysis support on the models helps to clearly identify the artifacts that need to be changed / created / removed for a change request.

During the year R&D investments have been in the following areas:

1. Ramco Enterprise Series has been enhanced for delivering solutions into various industrial segments, such as Power, Engineering Product Manufacturing, Storage Solutions, Armed Forces / Defence, Food and Beverages, Process Production, Real Estate, Telecom infrastructure, Transportation management, Fleet operators and MRO service providers, etc. and addressing all necessary Business, Regulatory, Payroll and HR related requirements has resulted in a repository of pre-built solutions that can address wider set of organizations in the listed segments. The latest release has been modified to support a Rich User interface.
2. The addition of newer modules and over 300+ market driven features are the hallmark of this year's achievement. The rapid adoption of the technology tools such as extension screens and portlets helped the user community derive immense business benefits.
3. Ramco VirtualWorks<sup>®</sup> - Partner Development Kit, has been enhanced with various features to facilitate the development of the Ramco Partner community. This has been done with the objective of enabling swift and easy implementation of Ramco OnDemand ERP and Ramco Enterprise Series through partners. The partner development comprises features that facilitate rapid portal development, and extension development. Rich Cool Interfaces have been enabled through significant enhancements to Partner Development Kit.

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4. Ramco iRIS – innovative Ramco Integration Services, a new offering this year has ushered Ramco VirtualWorks® in to providing a variety of Integration Solutions to its customers. iRIS enables the implementers to bridge the Offerings of Ramco solutions with the solutions that are already being used by the customer.
5. Ramco Minnal – A powerful In-Memory process optimization engine, aimed at drastically improving performance of computation intensive tasks such as Payroll, MRP and Scheduling.
6. Ramco VirtualWorks® has enhanced its offerings to support the latest tablet devices. This capability empowers the teams to deliver the solutions across a variety of devices and not restrained to only the desktop.
7. Ramco VirtualWorks® has been enhanced to offer Mobile Solutions on the iPhones.
8. Ramco VirtualWorks® has been enhanced to offer Offline Desktop Based solutions. These solutions could interact with the cloud occasionally to pull and push data required for the offline solution.
9. Several enhancements in Ramco DecisionWorks™ to provide superior Data Integration capabilities and Rich visualization capabilities.
10. Domain specific content for Banking, Aviation and Enterprise Solution verticals covering key subject areas has also been released on Ramco DecisionWorks™

### Benefits derived as a result of the above R&D:

- Expansion of Ramco offerings into more domains and verticals.
- Expansion of Ramco offerings into all technology segments. This enhances the technology market addressability immensely.
- Productivity increase due the platform process streamlining leading to better delivery schedule and cost predictability.
- Availability of standard functionalities to address more industry segments thus enhancing order wins and profitability.
- Ability to engage suitable business partners in delivering and implementing solutions to the end customer organizations.

### Future Plan of Action

The Company continues to undertake research and development activities with the following objectives:

1. To add pre-built solution functionalities to cover more vertical segments.
2. To develop Code generators that exploit more advanced technologies for Web based solutions and the desktop.
3. Support for Mobile devices and Tablet devices and to address emerging technology trends to keep in step with the market needs.
4. To develop application infrastructure to support Android Based Mobile Devices.
5. To adopt HTML5 and other leading technologies for the Web solutions to enable the best visualization and functionality for the end user.
6. To develop application infrastructure to enable 24 × 7 availability of our hosted solutions.
7. To develop application infrastructure to integrate with a variety of social media to provide.
8. To enhance the integration framework to enable rapid and seamless integration with external applications.
9. To continually enhance the platform processes towards achieving improved productivity during all stages of solution delivery like modeling logic for code generation, web services standards support etc.

### Expenditure on R&D (Refer Note 6 to R&D Accounts)

Particulars	(Rs. mln)
Capital	35.10
Recurring	601.96
Total	637.06
Total R&D expenditure as a percentage of total turnover	38%

## ANNEXURE B

### DETAILS OF EMPLOYEE STOCK OPTION SCHEMES / PLAN

#### (A) Employee Stock Option Plan 2000 (ESOP 2000)

At the Extra-Ordinary General Meeting held on 28<sup>th</sup> August, 2000, the Shareholders had approved an issue of 1,60,000 stock options, convertible into equity shares of Rs.10/- each under Employee Stock Option Plan, 2000. The Compensation Committee, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme.

Further, the shareholders have approved the following amendments to ESOP 2000:

(a) Amendments approved at the Extra-Ordinary General Meeting held on 29<sup>th</sup> September, 2006:

1. The options other than those vested in the first lot vests on a quarterly basis with the options under the first lot vesting at the end of the one year.
2. The exercise period has been increased to 10 years from the date of the vesting of the final lot.

(b) Amendments approved at the Annual General Meeting held on 27<sup>th</sup> July, 2007:

In case of severance of employment as a part of the reconstitution / amalgamation / sell off or otherwise all options granted to the employee would vest immediately and the employee would be required to exercise the options within a period of 18 months from the date of severance instead of 3 months from the date of severance. In the event the options are not so exercised within such period, the unexercised options would lapse.

All the unexercised options have been cancelled, pursuant to the tendering for cancellation by the option holders, except for options, details of which are given in the table below.

#### Details of options granted, vested and exercised as on 31<sup>st</sup> March, 2013:

Date of grant	Number of options granted	Vesting Period	Exercise Price	Options exercised and shares issued	Live vested options (net of cancellations and employee separations)
12 <sup>th</sup> April, 2001	1,26,150	2 to 3 years	Rs. 254 per option	11,750 shares*	Nil
14 <sup>th</sup> December, 2003	67,700	3 years	Rs. 254 per option**	19,950 shares	Nil
4 <sup>th</sup> October, 2006	87,500	3 years	Rs.177 per option	Nil	1,300 exercisable till 3 <sup>rd</sup> October, 2019

\* 11,750 options were exercised at the rate of Rs. 254 per option.

\*\* The price of the options were adjusted to Rs. 227 per option for the Rights issue 2003 exercise and further adjusted to Rs. 223 per option for the Rights issue 2005 exercise as per SEBI guidelines. 18,900 options were exercised at the rate of Rs. 227 per option and 1,050 options were exercised at the rate of Rs. 223 per option.

#### (B) Employee Stock Option Scheme, 2003 (ESOS 2003)

At the Extra-Ordinary General Meeting held on 9<sup>th</sup> April, 2003, the Shareholders had approved an issue of 5,00,000 stock options convertible into equity shares of Rs.10 each. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme. Further, the shareholders had approved certain amendments to ESOP 2003 at the Extra-Ordinary General Meetings held on 29<sup>th</sup> September, 2006 and 27<sup>th</sup> July, 2007, as mentioned in (A) above.

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All the unexercised options have been cancelled, pursuant to the tendering for cancellation by the option holders, except for options, details of which are given in the table below:

### Details of options granted, vested and exercised as on 31<sup>st</sup> March, 2013:

Date of grant	Number of options granted	Vesting Period	Exercise Price	Options exercised and shares issued	Live vested options (net of cancellations and employee separations)
14 <sup>th</sup> December, 2003	4,64,500	3 years	Rs. 284 per option*	37,975 shares*	500 exercisable till 13 <sup>th</sup> December, 2016
1 <sup>st</sup> December, 2005	9,200	3 years	Rs. 266 per option	Nil	Nil
4 <sup>th</sup> October, 2006	2,19,800	3 years	Rs.177 per option	Nil	2,700 exercisable till 3 <sup>rd</sup> October, 2019
14 <sup>th</sup> July, 2007	1,01,100	3 years	Rs. 163 per option	Nil	Nil

\* The price of the options was adjusted to Rs. 266 per option for the Rights issue 2005 exercise as per SEBI guidelines. 36,350 options were exercised at the rate of Rs. 284 per option and 1,625 options were exercised at the rate of Rs. 266 per option post adjustment of exercise price.

### (C) Employee Stock Option Scheme 2004 (ESOS 2004)

At the Extra-Ordinary General Meeting held on 24<sup>th</sup> December, 2004, the Shareholders had approved an issue of 9,00,000 options convertible into equity shares of Rs.10 each to the Key Managerial Personnel (including, but not limited to, Independent Directors, President and CEO) of the Company as well as Subsidiaries. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme. The options other than those vested in the first lot vests on a quarterly basis with the options under the first lot vesting at the end of the one year.

Further, the Shareholders have approved the following amendments to the ESOS 2004:

(a) Amendments approved at the Extra-Ordinary General Meeting held on 29<sup>th</sup> September, 2006:

1. The number of shares underlying the aggregate options that may be granted was increased to 12,00,000 equity shares of Rs.10 each from 9,00,000 equity shares of Rs.10 each.
2. Broad basing of the coverage of the scheme to the employees of the Company and its Subsidiaries at all levels as provided in other schemes instead of the scheme being applicable only to the senior level employees.

(b) Amendments approved at the Annual General Meeting held on 27<sup>th</sup> July, 2007:

In case of severance of employment as a part of the reconstitution / amalgamation / sell off or otherwise all options granted to the employee would vest immediately and the employee would be required to exercise the options within a period of 3 months from the date of severance. In the event the options are not so exercised within such period, the unexercised options would lapse.

All the unexercised options have been cancelled, pursuant to the tendering for cancellation by the option holders, except for options, details of which are given in the table below :

### Details of options granted, vested and exercised as on 31<sup>st</sup> March, 2013:

Date of grant	Number of options granted	Vesting Period	Exercise Price	Options exercised and shares issued	Live vested options (net of cancellations and employee separations)
1 <sup>st</sup> December, 2005	1,00,000	4 years	Rs. 315 per option	Nil	Nil
4 <sup>th</sup> October, 2006	7,47,350	4 years	Rs. 177 per option	1,500 shares	Nil
14 <sup>th</sup> July, 2007	3,00,500	4 years	Rs. 163 per option	Nil	Nil
31 <sup>st</sup> October, 2007	1,62,000	4 years	Rs. 156 per option	Nil	Nil
6 <sup>th</sup> February, 2008	20,000	4 years	Rs. 165 per option	Nil	Nil
7 <sup>th</sup> August, 2008	20,750	4 years	Rs. 100 per option	Nil	Nil

#### **(D) Employee Stock Option Scheme, 2008:**

The shareholders at their Extra-Ordinary General Meeting held on 18<sup>th</sup> September, 2008, had approved, an issue of 12,00,000 stock options convertible into equity shares of Rs.10 each. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme in this regard. The options granted have a vesting period of 4 years and exercise period of 10 years from the date of the vesting of the final lot. The options other than those vested in the first lot shall vest on a Quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant.

Certain employees, being the option holders under ESOP 2000, ESOS 2003 and ESOS 2004, of the Company have surrendered the options for cancellation, owing to the then unfavorable stock market conditions, against grant of fresh options under ESOS 2008, made by the Compensation Committee of the Board of Directors of the Company, in its meeting held on 11<sup>th</sup> April, 2009. The options were surrendered vide Letter of Release dated 5<sup>th</sup> May, 2009 and the same was accepted by the Company. The surrendered options have been cancelled. Accordingly, no further options under ESOP 2000, ESOS 2003 and ESOS 2004 can be granted and the said schemes have been discontinued in respect of the cancelled options. However, there are few employees holding 4,500 options under the aforementioned schemes, representing the earlier grants under ESOP 2000, ESOS 2003 and ESOS 2004, which have not been tendered for cancellation and these options are exercisable in terms of the original grants under the respective schemes.

Initially, at the meeting of the Compensation Committee held on 11<sup>th</sup> April, 2009, 11,28,875 options were granted to the eligible employees at a price of Rs. 53 per share as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, with a vesting period of 4 years and an exercise period of 10 years from the date of vesting of the final lot. Further grants of options were made to eligible employees by the Compensation Committee at its meetings held on 25<sup>th</sup> June, 2012- 50,000 options at an exercise price of Rs.143 per share, 23<sup>rd</sup> August, 2012 – 25,000 options at an exercise price of Rs.138 per share and 7<sup>th</sup> November, 2012 – 50,000 options at an exercise price of Rs. 125 per share, total amounting to 1,25,000 options with a vesting period of 4 years and an exercise period of 10 years from the date of vesting of the final lot.

#### **(E) Employee Stock Option Scheme, 2009 – Plan A (ESOS 2009 – Plan A) & Employee Stock Option Scheme, 2009 – Plan B (ESOS 2009 – Plan B):**

##### **ESOS 2009 – Plan A**

The shareholders at the twelfth Annual General Meeting held on 5<sup>th</sup> August, 2009, have approved, an issue of 5,00,000 options convertible into equity shares of Rs.10 each with the number of options that could be granted to the Non-Executive Directors of the Company not exceeding 20,000 options per year and 1,00,000 options in aggregate.

##### **Details of options granted, vested and exercised:**

At the meeting of the Compensation Committee held on 27<sup>th</sup> October, 2009, 20,000 stock options were granted to Shri A V Dharmakrishnan, Non-Executive Director of the Company, at an exercise price of Rs. 98 per share as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. All the 20,000 options have vested as at 31<sup>st</sup> March, 2013. The vested options can be exercised till 25<sup>th</sup> October, 2022. Further 20,000 options were granted to Shri A V Dharmakrishnan, Non-Executive Director of the Company, at the meeting of the Compensation Committee held on 22<sup>nd</sup> December, 2011 at an exercise price of Rs. 61 per share as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Out of this, 14,750 options have vested as on 31<sup>st</sup> March, 2013. The vested options can be exercised till 21<sup>st</sup> December, 2024.

At the meeting of the Compensation Committee held on 2<sup>nd</sup> March, 2010, 3,82,220 stock options were granted to the eligible employees, at an exercise price of Rs. 94 per option as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. All the options have vested as at 31<sup>st</sup> March, 2013. The vested options can be exercised till 28<sup>th</sup> February, 2023.

During the year, the Compensation Committee amended the key features of the ESOS 2009 – Plan A under the powers granted by the Shareholders resolution passed on 5<sup>th</sup> August, 2009. As per this, the Compensation Committee can fix the terms and conditions regarding vesting period and vesting pattern at the time of each grant under the scheme. Further to this, the Compensation Committee granted further 1,30,000 options to eligible employees as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 on 17<sup>th</sup> May, 2012. Out of the 1,30,000 options, 60,000 options were granted to Shri Virender Aggarwal, Chief Executive Officer of the Company, at an exercise price of Rs. 115 per share, having a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot. The options other than those vested in the first lot shall vest on a Quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant. 20,000 options were granted to Shri A V Dharmakrishnan, Non-Executive Director of the Company, at an exercise price of Rs.10 per share, have a vesting period of 1 year and an exercise period of 10 years from the date of vesting. The remaining 50,000 options were granted to an employee at an exercise price of Rs.10

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per share, having a vesting period of 1 year and an exercise period of 10 years from the date of vesting. 50,000 options have lapsed during the year and none of the remaining 80,000 options have vested as on 31<sup>st</sup> March, 2013.

### ESOS 2009 – Plan B

The shareholders at the twelfth Annual General Meeting held on 5<sup>th</sup> August, 2009, have approved, an issue of 7,50,000 options convertible into equity shares of Rs. 10 each with the number of options that could be granted to the Non-Executive Directors of the Company not exceeding 25,000 options per year and 1,50,000 options in aggregate.

### Details of options granted, vested and exercised:

At the meeting of the Compensation Committee held on 2<sup>nd</sup> March, 2010, 5,73,330, options were granted to the eligible employees, at an exercise price of Rs.94 per share as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. All the options have vested as at 31<sup>st</sup> March, 2013. The vested options can be exercised till 28<sup>th</sup> February, 2023. The options granted have a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot. The options other than those vested in the first lot shall vest on a Quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant.

During the year, the Compensation Committee amended the key features of the ESOS–2009 Plan B under the powers granted by the Shareholders resolution passed on 5<sup>th</sup> August, 2009. As per this, the Compensation Committee can fix the terms and conditions regarding vesting period and vesting pattern at the time of each grant under the scheme. Further to this, the Compensation Committee granted 85,000 options to eligible employees as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 on 17<sup>th</sup> May, 2012. Out of the 85,000 options, 25,000 options were granted to Shri A V Dharmakrishnan, Non-Executive Director of the Company, at an exercise price of Rs. 10 per share, having a vesting period of 1 year and an exercise period of 10 years from the date of vesting. None of the 25,000 options have vested as on 31<sup>st</sup> March, 2013. The balance 60,000 options were granted to Shri Virender Aggarwal, Chief Executive Officer of the Company, at an exercise price of Rs. 115 per share, have a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot. None of the 60,000 options have vested as on 31<sup>st</sup> March, 2013.

The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed detailed schemes for both Plan A and Plan B in this regard.

### Status of live ESOS under which options have been granted, as at 31st March, 2013:

Sl. No.	Particulars	ESOS 2008	ESOS 2009 – Plan A	ESOS 2009 – Plan B
1	Options Granted	12,53,875	5,52,220	6,58,330
2	Exercise Price - Pricing Formulae	Refer (D) above	Refer (E) above	Refer (E) above
3	Options Vested	6,94,399	3,01,244	3,98,059
4	Options Exercised	2,63,090	7,463	8,576
5	Total Number of Shares arising (including shares yet to be allotted) as a result of exercise of Options	2,63,090	7,463	8,576
6	Options Lapsed	4,05,703	1,65,726	1,75,271
7	Variation of terms of Options	-	-	-
8	Money realized by exercise of Options	1,39,43,770	7,01,522	8,06,144
9	Total number of Options in force	5,85,082	3,79,031	4,74,483
10	Employee wise details of Options granted during this year:			
	(i) Senior Managerial Personnel	Refer Note1	Refer Note1	Refer Note1
	(ii) Any other employee, who receives a grant in one year of options amounting to 5% or more of options granted during that year.	Refer Note1	Refer Note1	Refer Note1
	(iii) Identified employees who were granted options, during one year equal to or exceeding 1% of the Issued Capital (Excluding Outstanding Warrants and Conversions) of the Company at the time of grant.	-	-	-

**Note 1:** During the year, all the options granted under Employees Stock Option Scheme, 2008, 2009– Plan A and 2009-Plan B were granted to Senior Management Personnel of the Company. Details of options granted are given in Para (D) and (E) above.

**Note 2:** The employee compensation cost on account of options granted is accounted on intrinsic value method. If such cost were computed using fair value of the options (using Black Scholes Merton model), it would be Rs.2,26,88,780. The standalone loss for the year would have been higher Rs. 1,79,81,780 (after giving effect to Rs. 47,07,000 already considered in the Profit and Loss Account for the year). On this basis, the basic & diluted EPS would have been Rs. (13.15). The weighted average risk free interest rate of 7.02%, weighted average expected life of options of 10 years, weighted average volatility of 4.00% and weighted average market price of Rs. 85.88 have been assumed in arriving at the above mentioned fair value of the options. The weighted average exercise price of options granted is Rs. 85.45 when the exercise price is equal to market price and Rs. 10 when it is less than market price. The weighted average fair value of options granted is Rs. 42.63 when the exercise price is equal to market price and Rs. 110.05 when it is less than market price.

#### **DETAILS OF EMPLOYEE SHARE PURCHASE SCHEME / PLAN**

##### **(A) Employee Share Purchase Plan, 1999 (ESPP 1999):**

During the year 1999-00, the Company had established Employee Share Purchase Plan (ESPP) which provided for the issuance of 11,00,000 shares to eligible employees (including certain employees of the subsidiaries). The shares were issued to an employee welfare trust called the RSL Employees Trust ("Trust") at Rs. 10 each and Re. 1 was paid up by the Trust as application money. Subsequently, the Trust expressed its inability to pay the remaining money due on all the 11,00,000 shares and offered to pay the balance amount (i.e., Rs. 9 per share) only in respect of 2,50,000 shares. Accordingly, 8,50,000 shares were forfeited. The balance 2,50,000 shares have been allotted to the RSL Employees Trust. The Trust transferred equity shares to the employees at par (i.e., Rs. 10 each) as per their grade and number of years of services under an agreement of sale, whereby the employees would need to be in the employment of the Company over a four year period to get the shares on a progressive basis.

Further, 50,000 shares at Rs. 10 per share were transferred by the Trust to an employee of the Company during the year. As on 31<sup>st</sup> March, 2013, equity shares of 34,125 remained with the Trust.

##### **(B) Employee Stock Purchase Scheme, 2004 (ESPS 2004):**

The Shareholders at their Extra-Ordinary General Meeting held on 24<sup>th</sup> December, 2004, have approved the issue of 1,00,000 equity shares of Rs.10 each under the scheme to Senior Key Managerial Personnel including Independent Directors, President, CEO and other employees of the Company as well as of the Subsidiaries. The Compensation Committee, at its meeting held on 22<sup>nd</sup> December, 2011, had approved the detailed terms of ESPS 2004. At the meeting held on 17<sup>th</sup> May, 2012, the Compensation Committee has offered to allot the 1,00,000 shares to Shri Virender Aggarwal, Chief Executive Officer of the Company for Rs.10 per share with one year lock-in from the date of allotment. Upon acceptance and receipt of consideration from Shri Virender Aggarwal the 1,00,000 shares were allotted to him on 28<sup>th</sup> May, 2012 by the Allotment Committee.



## ANNEXURE C

### A. REPORT ON CORPORATE GOVERNANCE

#### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Ramco is committed to maintaining high standards of Corporate Governance, protecting Customers', Shareholders' and other Stakeholders' interests. In line with this philosophy, Ramco Systems Limited endeavors to maintain transparency at all levels through adoption of best Corporate Governance Practices. The basic governance framework reflecting the values of the entity are ingrained in the functions. The following is a report on the status and progress on major aspects of Corporate Governance for the year ended 31<sup>st</sup> March, 2013.

#### 1. BOARD OF DIRECTORS

The Directors of the Company possess highest personal and professional ethics, integrity and values and are committed to representing the long-term interests of the Stakeholders. The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgment on behalf of the Company.

The Board has an optimum combination of Executive, Non-Executive and Independent Directors, which ensures proper governance and management. The Chairman of the Board is a Non-Executive Promoter Director. As at 31<sup>st</sup> March, 2013, the composition of the Company's Board of Directors is in conformity with the prescribed code of Corporate Governance by the Stock Exchanges.

As mandated under Clause 49 of the Listing Agreement with the Stock Exchanges, none of the Directors is a member of more than ten Board level Committees nor is any of them a Chairman of more than five Board level committees, in which they are members.

The Company is managed by the Vice Chairman & Managing Director and is assisted by the Management Team headed by the CEO.

The Board reviews and approves strategy and oversees the performance to ensure that the long term objective of enhancing Stakeholders' value is achieved.

#### a) Composition of the Board

Sl. No.	Name of the Director	Category
1	Shri P R Ramasubrahmaneya Rajha	Non Executive Promoter Director
2	Shri P R Venketrama Raja	Executive Promoter Director
3	Shri S S Ramachandra Raja	Non Executive Director
4	Shri N K Shrikantan Raja	Non Executive Independent Director
5	Shri M M Venkatachalam	Non Executive Independent Director
6	Shri V Jagadisan	Non Executive Independent Director
7	Shri A V Dharmakrishnan	Non Executive Director
8	Shri R S Agarwal	Non Executive Independent Director

#### b) Board Procedure

The Board has a formal schedule of matters reserved for its consideration and decision. Agenda papers for the Board/ Committee Meetings containing all necessary information / documents are made available to the Board/ Committee, respectively, in advance to enable the Board / Committee to discharge its responsibilities effectively and take informed decisions. The senior executives make presentations to the Board.

The Board of Directors meet at regular intervals and decisions are taken at the Meetings after detailed discussions and evaluation of the subject. After the Meetings, the Company has a formal system for follow up, review and reporting. The actions taken on the Board/Committee Meetings and decisions arrived at are reported at its next meeting for being reviewed by the Board/Committee(s). Amongst other things, the Board considers the following matters:

- Strategy and Business plans;
- Annual Operating and Expenditure Budgets;
- Statutory Compliances;
- Adoption of Quarterly/Half Yearly/Annual results;
- Minutes of Meetings of the Board Committees; and
- Minutes of Board Meetings of the Subsidiaries

In accordance with the code of Corporate Governance and based on the requirements to focus on special areas, the Board has constituted several Committees to deal with specific matters and delegated powers for different functional areas.

### c) Meetings and Attendance

The Board met four times during the year on 24<sup>th</sup> May, 2012, 2<sup>nd</sup> August, 2012, 6<sup>th</sup> November, 2012 and 13<sup>th</sup> February, 2013. Details of attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting (AGM) of the Company are as follows:

Name of the Director	Designation	Attendance	
		Board Meetings	Last AGM
Shri P R Ramasubrahmaneya Rajha	Chairman	4	Yes
Shri P R Venketrama Raja	Vice Chairman & Managing Director	3	Yes
Shri S S Ramachandra Raja	Director	4	Yes
Shri N K Shrikantan Raja	Director	4	Yes
Shri M M Venkatachalam	Director	3	No
Shri V Jagadisan	Director	4	Yes
Shri A V Dharmakrishnan	Director	4	Yes
Shri R S Agarwal	Director	4	Yes

Shri M M Venkatachalam, Director and Chairman of the Audit Committee was unable to attend, due to certain unavoidable circumstances, the Annual General Meeting held on 2<sup>nd</sup> August, 2012 as required by Section 292A of the Companies Act, 1956. The Shareholders were requested to clarify queries related to audit with Shri V Jagadisan, Director and Shri S S Ramachandra Raja, Director both of whom are members of the Audit Committee.

## 2. AUDIT COMMITTEE

The Company has a qualified and independent Audit Committee with all its members being Non-Executive Directors, to oversee the accounting and financial governance of the Company. The Chairman of the Committee is an Independent Director.

### a) Composition:

The Audit Committee comprises of three Non-Executive Directors with any two, subject to presence of minimum two Independent Directors, forming the Quorum. Shri M M Venkatachalam, Shri V Jagadisan and Shri S S Ramachandra Raja are the members of the Committee, with Shri M M Venkatachalam being the Chairman. The Senior Management team of the Company comprising of the Chief Executive Officer and the Head of the Finance Department, the Statutory Auditor and the Internal Auditor are invited to attend the Meetings of the Committee, as Invitees. The Company Secretary is the Secretary to the Committee.

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## b) Terms of Reference in brief

The primary objective of the Committee is to monitor and provide effective supervision of the financial control and reporting system. The Audit Committee reviews the business of the Company at regular intervals and makes appropriate recommendations to the Board for its approval. The terms of reference of the Committee, which are in line with the requirements of the Clause 49 of the Listing Agreement and the provisions of Section 292A of the Companies Act, 1956, inter-alia comprise the following:

- Oversight of the Company's Financial Reporting and disclosure of its financial information
- Reviewing with the Management, the Quarterly Financial Results before submission to the Board for its approval
- Reviewing with the Management, the Annual Financial Results / Statements before submission to the Board for its approval
- Reviewing the adequacy of Internal Control Systems
- Discussion with the Internal Auditor on significant findings and follow up thereon
- Reviewing of the Capital Expenditure Plans and the status relating thereto
- Monitoring the Company's Cost Control Measures
- Reviewing of compliance with Accounting Standards and
- Approval of appointment of CFO, before finalization by the Management.

## c) Meetings and attendance

During the year the Committee met four times, viz., 22<sup>nd</sup> May, 2012, 24<sup>th</sup> July, 2012, 2<sup>nd</sup> November, 2012 and 12<sup>th</sup> February, 2013. The attendance of the members of the Audit Committee is as follows:

Name of Members	Meetings Attended
Shri M M Venkatachalam	4
Shri S S Ramachandra Raja	4
Shri V Jagadisan	4

## 3. REMUNERATION COMMITTEE

### a) Composition:

The Remuneration Committee of the Board comprises of the following Non-Executive Directors:

Shri M M Venkatachalam	- Chairman
Shri V Jagadisan	- Member
Shri N K Shrikantan Raja	- Member

### b) Terms of Reference in brief

The scope of the Committee inter-alia includes the following:

- Determination of remuneration package of all the Directors of the Company;
- Determination of the service contracts, notice period and severance fees;
- Determination of eligibility of the Directors for stock options, if any and other modalities relating thereto.

### c) Meetings and attendance

The Quorum for the meeting is presence of two members. The Company Secretary is the Secretary of the Committee. During the year there was no meeting of the Remuneration Committee.

**d) Remuneration Policy:**

The Remuneration policy of the Company has been structured to match the market trends of the industry and to attract the best talents of the sector. The scales of remuneration are determined based on the levels of responsibility and scales prevailing in the industry. The Board of Directors of the Company had authorized the Remuneration Committee to fix the remuneration package of the Executive Director. Accordingly, the remuneration package of the Executive Director, including its break up into fixed component and performance linked incentive, along with the performance criteria are determined by the Remuneration Committee.

**e) Remuneration to the Directors:**

No Remuneration is payable to the Non-Executive Directors except sitting fees. No sitting fee is paid to the Executive Director for attending the Meetings of the Board or the Committees thereof. The Sitting fees payable to the Directors have been approved by the members of the Company at the Annual General Meeting held on 9<sup>th</sup> December, 2005. Further, the members have authorized the Board of Directors of the Company to vary the amount of sitting fees payable to the Directors for attending the Meetings of the Board of Directors and any of the Committees constituted, within such maximum permissible limit as may be prescribed under the Companies Act, 1956, Rules made and Notifications issued thereunder from time to time. As at present, the sitting fees payable to each of the Directors per meeting is as follows:

	(Amount in Rs.)
Board	5000
Audit Committee	5000
Shareholders Committee	2500

**f) Directors' Shareholding**

The Compensation Committee has so far granted options to one of the Directors as follows:

S.No	Name of the Director	Date of the Compensation committee meeting	No of options granted	Terms and Conditions
1.	Shri A V Dharmakrishnan, Non-Executive Director	27 <sup>th</sup> October, 2009	20,000	20,000 options was granted under ESOS 2009 - Plan A at an exercise price of Rs. 98 per share as per SEBI guidelines with a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot, i.e., 25 <sup>th</sup> October, 2022
2.	Shri A V Dharmakrishnan, Non-Executive Director	22 <sup>nd</sup> December, 2011	20,000	20,000 options was granted under ESOS 2009 - Plan A at an exercise price of Rs. 61 per share as per SEBI guidelines with a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot, i.e., 21 <sup>st</sup> December, 2024
3.	Shri A V Dharmakrishnan, Non-Executive Director	17 <sup>th</sup> May, 2012	45,000	20,000 options was granted under ESOS 2009 - Plan A and 25,000 options under ESOS 2009 – Plan B at an exercise price of Rs. 10 per share as per SEBI guidelines with a vesting period of 1 year and an exercise period of 10 years from the date of vesting, i.e., 16 <sup>th</sup> May 2023.

Except as mentioned above, no stock options were granted to any other Directors of the Company and there are no convertible instruments issued by the Company.

# Ramco Systems Limited, INDIA

The details of the Shares held by the Directors of the Company as at 31<sup>st</sup> March, 2013 are as follows:

Name of the Director	No. of Shares Held	Percentage to Capital
Shri P R Ramasubrahmaneya Rajha	3,62,469	2.30
Shri P R Venketrama Raja	17,79,961	11.31
Shri S S Ramachandra Raja	30,158	0.19
Shri N K Shrikantan Raja	6,702	0.04
Shri M M Venkatachalam	Nil	Nil
Shri V Jagadisan	Nil	Nil
Shri A V Dharmakrishnan	2,484	0.02
Shri R S Agarwal	Nil	Nil
<b>Total</b>	<b>21,81,774</b>	<b>13.86</b>

**Note:** 34,125 Shares of the Company are held by RSL Employees Trust in which Shri M M Venkatachalam and Shri V Jagadisan are the Trustees.

## 4. SHAREHOLDERS COMMITTEE

The Company attaches highest importance to Investor Relations. The Board of Directors of the Company have constituted the Shareholders Committee of the Board to focus on the prompt and effective redressal of the Shareholders grievances and strengthening of Investor Relations.

### a) Composition

The Shareholders Committee of the Board comprises of the following Directors:

Shri P R Ramasubrahmaneya Rajha	- Chairman
Shri P R Venketrama Raja	- Member
Shri N K Shrikantan Raja	- Member

The Quorum for meeting of Shareholders Committee is presence of two members of the Committee. The Company Secretary of the Company will be the Secretary to the Committee.

### b) Terms of Reference in brief

The Committee's main focus is on the basic rights of the Shareholders including, Transfer of Shares, Transmission/Transposition of Shares, Issue of Duplicate/Split Certificates, Sub Division/Consolidation of Shares, Consolidation of Folios, Dematerialization/Rematerialization of Shares, Change of address, non receipt of the Refund Orders, non receipt of the Share Certificates and such other issues relating to investor relations.

### c) Meetings and attendance

During the year the Committee did not meet.

### d) Status of Shareholders' Grievances

The Shareholders Committee and the Board reviews the status of Shareholders' Grievances received by the Company together with the status of their redressal at every meeting.

During the year, the Company received 1 (one) Shareholders' Grievance which has been since redressed. There were no Shareholders' Grievances pending as at 31<sup>st</sup> March, 2013.

### e) Name and designation of Compliance Officer

Shri G Venkatram, Company Secretary, is the Compliance Officer as per Clause 47(a) and (f) of the Listing Agreement entered with the Stock Exchanges.

## 5. COMPENSATION COMMITTEE

### a) Composition

The Board of Directors of the Company in Compliance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, constituted a Compensation Committee with three Non-Executive Directors as its members, as mentioned below:

Shri M M Venkatachalam	- Chairman
Shri P R Ramasubrahmaneya Rajha	- Member
Shri V Jagadisan	- Member

The Quorum for meeting of Compensation Committee is presence of two members of the Committee. The Company Secretary of the Company will be the Secretary to the Committee.

### b) Terms of Reference in brief

The primary objective of the Committee is to review the compensation levels across various positions in the Company, in order to ensure that the Company offers attractive compensation in line with the industry standards, to retain and develop best talent. It also administers the grant of stock option under various schemes of the Company.

### c) Meetings and attendance

During the year, the Committee met four times, viz., 17<sup>th</sup> May, 2012, 25<sup>th</sup> June, 2012, 23<sup>rd</sup> August, 2012 and 7<sup>th</sup> November, 2012. The attendance of the members of the Committee is as follows:

Name of Members	Meetings Attended
Shri M M Venkatachalam	4
Shri P R Ramasubrahmaneya Rajha	1
Shri V Jagadisan	4

## 6. OTHER COMMITTEES OF THE BOARD OF DIRECTORS

### 6.1 ALLOTMENT COMMITTEE

#### a) Composition

The Board of Directors has constituted an Allotment Committee with the following members:

Shri M M Venkatachalam	- Chairman
Shri V Jagadisan	- Member
Shri P R Venketrama Raja	- Member

#### b) Terms of Reference in brief

The scope of the Committee comprises of allotment of shares and/or securities arising out of the stock option schemes, Rights Issues, Public Issues, Preferential Issues etc. The Meetings of the Committee are held based on the requirements for the business to be transacted.

#### c) Meetings and attendance

During the year the Allotment Committee met ten times, viz., 24<sup>th</sup> April, 2012, 28<sup>th</sup> May, 2012, 25<sup>th</sup> June, 2012, 24<sup>th</sup> July, 2012, 23<sup>rd</sup> August, 2012, 5<sup>th</sup> October, 2012, 7<sup>th</sup> November, 2012, 12<sup>th</sup> December, 2012, 29<sup>th</sup> January, 2013 and 20<sup>th</sup> March, 2013 for allotting shares to employees pursuant to exercise of Employee Stock Option Schemes. The attendance of the members of the Committee is as follows:

Names of Member	Meetings Attended
Shri M M Venkatachalam	9
Shri V Jagadisan	10
Shri P R Venketrama Raja	6

# Ramco Systems Limited, INDIA

## 6.2 RIGHTS ISSUE 2013 COMMITTEE

### a) Composition

The Board of Directors, at its meeting held on 30<sup>th</sup> May, 2013 has approved the Rights Issue 2013 and constituted a Rights Issue 2013 Committee with the following members:

Shri M M Venkatachalam	- Member
Shri V Jagadisan	- Member
Shri A V Dharmakrishnan	- Member
Shri P R Venketrama Raja	- Member

### b) Terms of Reference in brief

The scope of the Committee comprises of overseeing the entire process of the proposed Rights Issue 2013.

## 7. GENERAL BODY MEETINGS

The following are the details of Date, Location and Time of the General Meetings held during last three financial years.

Date	Meeting	Location	Time
2 <sup>nd</sup> August, 2010	AGM	Shri PAC Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	11.45 AM
10 <sup>th</sup> August, 2011	AGM	Shri PAC Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	11.45 AM
2 <sup>nd</sup> August, 2012	AGM	Shri PAC Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	11.45 AM

There were no special resolutions passed at any of the Meetings stated above.

## 8. POSTAL BALLOT

There were no resolutions that were required to be passed by means of a postal ballot by the members of the Company during the year ended 31<sup>st</sup> March, 2013. None of the resolutions to be placed at the ensuing Annual General Meeting are required to be passed by the members thorough Postal Ballot.

## 9. CODE OF CONDUCT

The Board of Directors of the Company has laid down the following Code of Conduct for all the Board Members and Senior Management of the Company and the same has been posted on the website of the Company [www.ramco.com](http://www.ramco.com), in compliance with the provisions of Listing Agreement with the Stock Exchanges.

This Code of Conduct shall apply to the Directors and Senior Management personnel of Ramco Systems Limited, who shall affirm compliance with this Code on an annual basis as at the end of each Financial Year.

### A. Code of Conduct for Directors

Director being a Trustee of the Shareholders shall –

- Act always in the best interest of the Shareholders.
- Maintain a high standard of probity in his relations with the Company, its Subsidiaries, Employees, Contractors, Suppliers and Customers.
- Maintain confidentiality of the Company on matters that come to his knowledge as Director, both during his Directorship and thereafter as well.

- iv. Always conduct himself in a manner that befits his position.
- v. Assist the Company to observe the provisions of the Company Law and other laws applicable to the Company, both in letter and in its spirits.
- vi. Not use this position in any manner to his personal advantage or that of his family or friends.

#### **B. Code of Conduct for Senior Management Personnel**

A Senior Management person is one who occupies the rank of General Manager or above and designated from time to time as a Senior Management person.

A Senior Management person shall –

- i. By his personal behavior and conduct, set an example to his fellow employees.
- ii. Conduct himself in a manner that upholds his integrity, rectitude and fair name of the Company and give no occasion to the Management to explain his actions or behaviors.
- iii. Refrain his position for personal benefit from the Employees, Contractors, Suppliers and Customers of the Company.
- iv. Maintain the confidentiality of the Company's information that has come to his notice, except where disclosure is authorized in writing by the Management.
- v. Observe all prescribed safety and environmental related norms.
- vi. Not divulge to any member of the press or media any matter concerning the Company unless authorized by the Management.
- vii. Not engage himself in any business relationship or commercial activity with or without remuneration, without the prior written permission of the Management.

All the Board Members and Senior Management Personnel of the Company have affirmed Compliance with the applicable Code of Conduct for the year ended 31<sup>st</sup> March, 2013. The declaration from Shri P R Venketrama Raja, Vice Chairman, & Managing Director and Shri Virender Aggarwal, Chief Executive Officer regarding the affirmation of Compliance with Code of Conduct for the year ended 31<sup>st</sup> March, 2013, is enclosed and forms part of this report (Refer ANNEXURE D).

The Company has also framed a Code of Conduct for prevention of Insider Trading in Compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all the Directors / Officers and Designated Employees. The Code regulates dealing in shares by persons having access to un-published price sensitive information.

#### **10. DISCLOSURES**

There were no transactions of the Company of material nature, entered with its Promoters, the Directors or the Management, their Subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large. The details of related party transactions are disclosed under the notes on accounts, as required under the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

The Company has complied with the requirements of the SEBI and the Stock Exchanges on the matters relating to the Capital Markets as applicable from time to time. There has been no instance of non-compliance by the Company or penalty or strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years.

The Company has complied with all the mandatory requirements of the code of Corporate Governance prescribed by the Stock Exchanges. As regards the non mandatory requirement, the Company has a Remuneration Committee as detailed in the earlier paragraphs.

The Company recognizes the substance of the Voluntary Corporate Governance Guidelines recommended by the Ministry of Corporate Affairs. The spirit of the guidelines is ingrained in the Corporate Governance practices of the Company.

#### **11. CEO/CFO CERTIFICATION**

The Vice Chairman & Managing Director of the Company Shri P R Venketrama Raja, Chief Executive Officer of the Company Shri Virender Aggarwal along with Shri R Ravi Kula Chandran, Vice President - Finance, who is heading the finance function, have certified compliance with the stipulations of Clause 49(V) of the Listing Agreement in relation to the Annual Financial Statements for the year 2012-13.



## 12. MEANS OF COMMUNICATION

The Board of Directors of the Company considers and adopts the Un-audited Financial Results in the prescribed format within 45 days of the close of every Quarter and disseminates the results to the Stock Exchanges where the Company's shares are listed. In case of the last Quarter, the Board of Directors considers and adopts the Annual Audited Financial Results within 60 days from the end of the respective Financial Year and disseminates the same to the Stock Exchanges where the Company's shares are listed. The consolidated Quarterly/Annual Financial Results are published within 48 hours in the newspapers viz., Financial Express, Business Standard (English) and Makkal Kural (Tamil) and the Standalone Quarterly/Annual Financial Results are posted on the Company's website.

SEBI vide its Circular No. CIR/CFD/DIL/10/2010 dated 16<sup>th</sup> December, 2010, has mandated every listed Company to maintain a website in order to ensure public dissemination of all basic information about the Company and that it should contain all updated filings with the Stock Exchanges and agreements entered into with Media Companies, if any. In accordance with this, all Statutory filings with the Stock Exchanges like Shareholding Pattern, Annual Reports etc. are placed on the Company's website for information of the Investors. The Company's official website, [www.ramco.com](http://www.ramco.com), has in it a separate page for Investor Relations, wherein agreement with media companies the Quarterly Financial Results, Shareholding Patterns, important announcements to the Stock Exchanges are hosted. Press briefings are held after important occasions viz., announcement of Quarterly Results, new tie-ups etc., which is disclosed to the Stock Exchanges.

MCA has implemented "Green Initiative in the Corporate Governance" vide Circular Nos. 17/2011 dated 21<sup>st</sup> April, 2011 and 18/2011 dated 29<sup>th</sup> April, 2011 enabling electronic delivery of Notices for General Meetings, Annual Report containing Balance Sheet, Profit & Loss Account, Auditor's Report, Directors' Report, etc., and other communications to the members through E-Mail. More details regarding "Green Initiative in the Corporate Governance" are presented in the Directors' Report.

SEBI had vide Circular No. SEBI/CFD/DIL/LA/4/2007/27/12 dated 27<sup>th</sup> December, 2007, has amended the Listing Agreement by introducing Clause 52, which provides for filing of documents through Corporate Filing and Dissemination System (CFDS) which has been put in place jointly by the Bombay Stock Exchange Limited and the National Stock Exchange of India limited. Further, vide Circular No. CIR/CFD/DCR/3/2010 dated 16<sup>th</sup> April, 2010 SEBI has discontinued the EDIFAR website pursuant to introduction of CFDS. As on date, CFDS is mandatory for Companies which are notified by the Stock Exchanges, under which the Company is not covered. Accordingly, the Company will adopt CFDS disclosure when notified by the Stock Exchanges. Thereafter, the Shareholders are also requested to view the information at [www.corpfiling.co.in](http://www.corpfiling.co.in).

Shareholders are being provided with timely information on all Company related matters. As further efforts towards effective Investor Grievance redressal measure and in compliance with the provisions of Clause 47(f) of the Listing Agreement with the Stock Exchanges, the Company has designated an exclusive E-Mail id, [investorcomplaints@ramco.com](mailto:investorcomplaints@ramco.com) to enable the investors to lodge their complaints. The investors are requested to kindly make use of the same.

## B. GENERAL SHAREHOLDER INFORMATION

### 1. Details of the forthcoming Sixteenth Annual General Meeting

1. Date 29<sup>th</sup> July, 2013
2. Day Monday
3. Time 12.30 PM
4. Venue Shri P A C Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam – 626 108

### 2. Financial Calendar for 2013-14 (tentative)

The Financial year of the Company is April - March of every year and the tentative details of the financial calendar for the year 2013-14 are as under:

Financial Results for the Quarter ending 30 <sup>th</sup> June, 2013	Between 15 <sup>th</sup> July & 14 <sup>th</sup> August, 2013
Financial Results for the Quarter ending 30 <sup>th</sup> September, 2013	Between 15 <sup>th</sup> October & 14 <sup>th</sup> November, 2013
Financial Results for the Quarter ending 31 <sup>st</sup> December, 2013	Between 15 <sup>th</sup> January & 14 <sup>th</sup> February, 2013
Financial Results for the Year ending 31 <sup>st</sup> March, 2014	Between 15 <sup>th</sup> May & 30 <sup>th</sup> May, 2014
Seventeenth Annual General Meeting of the Company, for the year ending 31 <sup>st</sup> March, 2014	July / August, 2014

### 3. Book Closure

In order to comply with the provisions of Clause 16 of the Listing Agreement, the Register of Members of the Company and the Share Transfer Books would remain closed on 29<sup>th</sup> July, 2013.

### 4. Listing on Stock Exchanges

The equity shares of the Company are listed on the following Stock Exchanges with the stock codes as indicated against each Stock Exchange:

Name of the Stock Exchange	Address	Stock Code
Madras Stock Exchange Limited	No.11, Second Line Beach, Chennai – 600 001	RSST
Bombay Stock Exchange Limited	Phiroze Jheejeebhoy Towers, Dalal Street , Mumbai – 400 001	532370
National Stock Exchange of India Limited	Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.	RAMCOSYS

In line with the provisions of the Listing Agreement with the Stock Exchanges, the listing fees for the financial year 2013-14 have been paid to the Stock Exchanges, where the shares of the Company are listed.

### 5. Depositories

The equity shares of the Company are admitted in the following Depositories of the country under the International Securities Identification Number (ISIN) INE246B01019. This number is required to be quoted in each transaction relating to the dematerialized equity shares of the Company.

Name of the Depository	Address
National Securities Depository Limited	Trade World, A wing, 4 <sup>th</sup> & 5 <sup>th</sup> Floors, Kamala Mills Compound, Lower Parel, Mumbai - 400 013.
Central Depository Services (India) Limited	Phiroze Jeejeebhoy Towers, 16 <sup>th</sup> Floor, Dalal Street Mumbai - 400 001

The Company has paid the custodial charges to the respective Depository for the financial year 2013-14.

# Ramco Systems Limited, INDIA

## 6. Corporate Identity Number

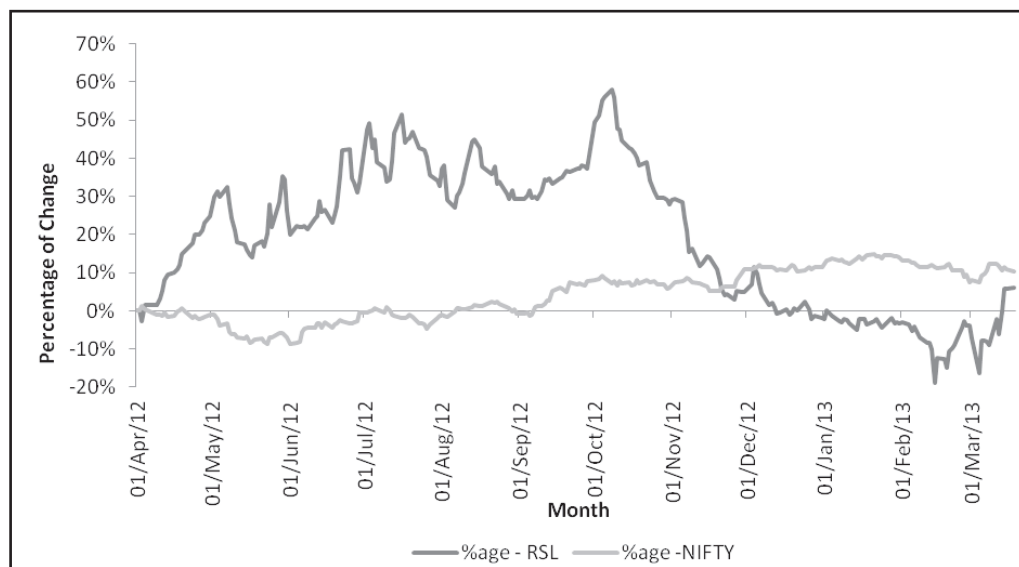
The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India is L72300TN1997PLC037550 and our Company registration number is 18-37550.

With the MCA 21 initiative of the Ministry of Corporate Affairs going live, the Company's Master Data information and details of the Compliance filings made by the Company with the Ministry of Corporate Affairs, Government of India, may be viewed by the members and other Stakeholders at [www.mca.gov.in](http://www.mca.gov.in) (MCA21 eServices) using the above mentioned CIN.

## 7. Details of the Share price movements in the National Stock Exchange and Bombay Stock Exchange

Sl. No.	Month	NSE			BSE		
		Volume	High	Low	Volume	High	Low
1	Apr-12	2,19,593	125.35	97.05	41,124	124.55	97.15
2	May-12	3,18,489	144.45	108.50	1,18,443	144.00	110.00
3	Jun-12	1,09,724	149.95	117.50	36,016	148.00	118.00
4	Jul-12	2,46,137	162.05	128.40	1,02,893	170.00	130.05
5	Aug-12	1,88,612	150.00	125.55	49,016	150.00	125.00
6	Sep-12	59,923	154.80	128.35	24,782	142.50	128.30
7	Oct-12	1,66,686	162.95	124.50	33,637	161.05	126.20
8	Nov-12	67,158	136.00	101.50	37,358	135.90	102.00
9	Dec-12	56,828	114.05	95.00	17,082	114.65	95.10
10	Jan-13	1,11,363	104.95	92.50	72,463	103.80	93.00
11	Feb-13	92,323	103.50	80.65	28,424	102.00	79.30
12	Mar-13	3,30,322	124.80	74.30	83,328	124.00	80.00
<b>Total</b>		<b>19,67,158</b>			<b>6,44,566</b>		

**Relative Performance of Ramco Systems Limited's Share Price in comparison with NSE Nifty**



## 8. Registrar and Share Transfer Agent

M/s. Cameo Corporate Services Limited, Chennai, is the Registrar and Share Transfer Agent (RTA) for handling the physical and electronic registry work. The Shareholders are requested to address their share related requests / queries to the RTA at the following address.

M/s. Cameo Corporate Services Limited  
 Unit: Ramco Systems Limited  
 Subramanian Building, No.1, Club House Road, Mount Road, Chennai – 600 002,  
 Tel: 044 - 2846 0390 Fax: 044 - 2846 0129

## 9. Share Transfer System

The requests for physical Share Transfers, Transmissions, Transposition etc., are received by the Company or by the Registrar and Share Transfer Agent. In respect of Shares, which are traded in the dematerialised form, the transfers are processed and approved in electronic form by NSDL/CDSL through their Depository Participants.

The physical Share Transfers, Transmissions, Transpositions, etc., are processed based on number of requests received and keeping in view the prescribed timeline. The shares lodged for physical Transfer/Transmission/Transposition are registered as per the requirement of the Listing Agreement, if the documents are complete in all respects. Adequate care is taken to ensure that no share transfers are pending for more than the period stipulated in the Listing Agreement. Shares requested for dematerialisation are confirmed within 10 days.

To ensure swift processing of the Share Transfers, Transmissions, Transposition etc. the Board of Directors have delegated necessary powers to the Shareholder Committee. Following is the status of dematerialisation, transfer and transmission during the year:

Particulars	Number of Requests	Shares
Dematerialization requests	19	7,302
Transfer requests	-	-
Transmission request	-	-

There is no specific Request/Grievance outstanding on the subject till date.

## 10. Permanent Account Number

The Securities Exchange Board of India (SEBI) vide its earlier Circulars have made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective the amount of the transaction. Further to this, SEBI had vide its Circular No.MRD\Dop\Cir-05\2009 dated 20<sup>th</sup> May, 2009, directed that for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company/RTA, as the case may be for registration of transfer of shares. In continuation to this Circular, SEBI had Vide its Circular No. SEBI/MRD/Dop/SE/RTA/Cir-03/2010 dated 7<sup>th</sup> January, 2010, had clarified that it shall be mandatory to furnish a copy of PAN in the following cases –

1. Deletion of name of the deceased Shareholder(s), where the shares are held in the name of two or more Shareholders.
2. Transmission of shares to the legal heir(s), where deceased Shareholder was the sole holder of shares.
3. Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more Shareholders.

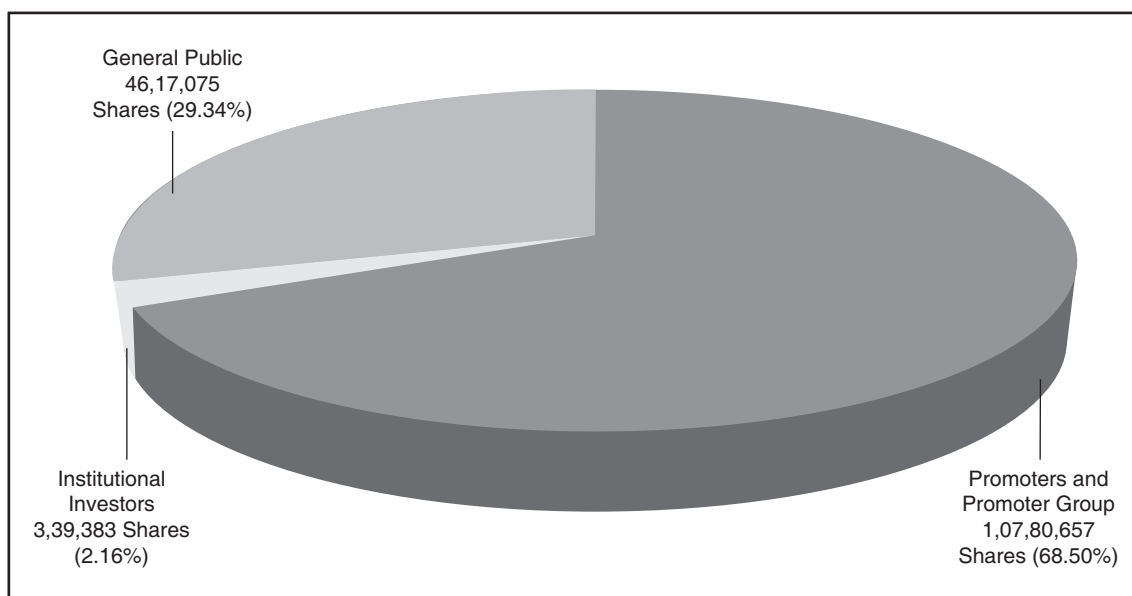
In case of mismatch in PAN card details as well as difference in maiden name and current name (in case of married women) of the investors, the PAN card as submitted by the transferee(s) can be provided by furnishing sufficient evidence in support of the identity of the transferees like Passport, Voter Card ID, Driving License, Photo Identity cards issued by Statutory Bodies, Banks, Public Sector Undertakings etc.

# Ramco Systems Limited, INDIA

## 11. Shareholding Pattern and the Distribution of Shareholding as at 31<sup>st</sup> March, 2013:

Category of Shareholder	Number of Shareholders	Total Shares held	Shares in demat form	Percentage of holding
<b>(A) Promoters and Promoter Group</b>				
Individuals / Hindu Undivided Family	9	29,55,607	29,55,607	18.78
Bodies Corporate	7	78,25,050	78,25,050	49.72
Trusts	-	-	-	-
<b>Promoter shareholding (A)</b>	<b>16</b>	<b>1,07,80,657</b>	<b>1,07,80,657</b>	<b>68.50</b>
<b>(B) Non-Promoters</b>				
<b>Institutional Investors</b>				
Mutual Funds / UTI	2	300	0	0.00
Financial Institutions / Banks	4	24,950	24,800	0.16
Insurance Companies	1	3,14,133	3,14,133	2.00
<b>Sub Total (B1)</b>	<b>7</b>	<b>3,39,383</b>	<b>3,38,933</b>	<b>2.16</b>
<b>General Public</b>				
Bodies Corporate	238	7,39,447	7,38,888	4.70
Indian Public	6,908	36,33,485	32,71,777	23.09
Others including NRIs, Trusts, Clearing Members etc	342	2,44,143	2,40,043	1.55
<b>Sub Total (B2)</b>	<b>7,488</b>	<b>46,17,075</b>	<b>42,50,708</b>	<b>29.34</b>
<b>Non-Promoters shareholding (B) = (B1) + (B2)</b>	<b>7,495</b>	<b>49,56,458</b>	<b>45,89,641</b>	<b>31.50</b>
<b>Total Shareholding (A)+(B)</b>	<b>7,511</b>	<b>1,57,37,115</b>	<b>1,53,70,298</b>	<b>100.00</b>

### Graphical Representation of Shareholding Pattern as on 31<sup>st</sup> March, 2013



The Distribution of Shareholding of the Company as at 31<sup>st</sup> March, 2013 is as follows:

Sl. No	Holding range	Number of shareholders	% Of total	Shares	% Of total
1	Between 1 and 100	4,467	59.47	2,58,170	1.64
2	Between 101 and 500	1,954	26.02	5,22,747	3.32
3	Between 501 and 1,000	420	5.59	2,93,704	1.87
4	Between 1,001 and 2,000	331	4.41	3,51,299	2.23
5	Between 2,001 and 3,000	100	1.33	1,91,213	1.22
6	Between 3,001 and 4,000	70	0.93	1,74,069	1.11
7	Between 4,001 and 5,000	30	0.40	1,22,196	0.78
8	Between 5,001 and 10,000	79	1.05	3,55,511	2.26
9	More than 10,000	60	0.80	1,34,68,206	85.58
	<b>Total</b>	<b>7,511</b>	<b>100.00</b>	<b>1,57,37,115</b>	<b>100.00</b>

## 12. Dematerialization of Shares and Liquidity

The Company has entered into Agreements with both NSDL and CDSL to facilitate the shareholders to dematerialize their equity shares with any one of the Depositories. The custodial charges for the year 2012-13 have been paid to NSDL and CDSL as per the Listing Agreement. As at 31<sup>st</sup> March, 2013, 1,53,70,298 equity shares representing 97.67% of the Company's total numbers of shares have been dematerialized.

In view of the SEBI's direction the settlement of trades in the listed securities should take place only in the demat mode and the benefits embedded in holding of the securities in demat form, the Shareholders holding the shares in physical forms are requested to demat their shares at the earliest.

**13. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity** : The Company has no outstanding ADR/GDR/Warrants or any convertible instruments as on 31<sup>st</sup> March, 2013.

**14. Plant Location and R&D Center** : No.64, Sardar Patel Road, Taramani, Chennai - 600 113.

**15. Address for Correspondence & Shareholders queries** : The Company Secretary  
No:64, Sardar Patel Road, Taramani, Chennai - 600 113.  
Phone: 044 - 2235 5558 Fax : 044 - 2235 5078

(or)

M/s. Cameo Corporate Services Limited  
(Unit: Ramco Systems Limited)  
Subramanian Building, No.1, Club House Road,  
Chennai - 600 002,  
Phone: 044 - 2846 0390 Fax: 044 - 2846 0129.

## 16. Other Information to Shareholders

### a) Reconciliation of Share Capital Audit

As required by Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 a 'Reconciliation of Share Capital Audit' is done every Quarter by a Practicing Company Secretary to reconcile the total admitted capital with NSDL and CDSL and the total issued and paid up capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### b) Compliance Certificate

Compliance Certificate dated 30<sup>th</sup> May, 2013 from our Statutory Auditors, M/s. CNGSN & Associates is given at the end of this Corporate Governance Report (Refer ANNEXURE E).

# Ramco Systems Limited, INDIA

## ANNEXURE D

### Declaration from the Vice Chairman & Managing Director and CEO (Under clause 49(D)(ii) of the Listing Agreement)

To  
The Members of Ramco Systems Limited

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed Compliance with the Company's Code of Conduct for the year ended 31<sup>st</sup> March, 2013.

**For RAMCO SYSTEMS LIMITED**

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**P R VENKETRAMA RAJA**  
**VICE CHAIRMAN AND MANAGING DIRECTOR**

**VIRENDER AGGARWAL**  
**CHIEF EXECUTIVE OFFICER**

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## ANNEXURE E

### Auditor's Certificate on Corporate Governance (Under Clause 49 of the Listing Agreement)

To  
The Members of Ramco Systems Limited

We have examined the Compliance of conditions of Corporate Governance by Ramco Systems Limited, for the year ended 31<sup>st</sup> March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the Compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no Investor Grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Committee.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**C.N.GANGADARAN**  
Partner  
Membership No.11205

## ANNEXURE F

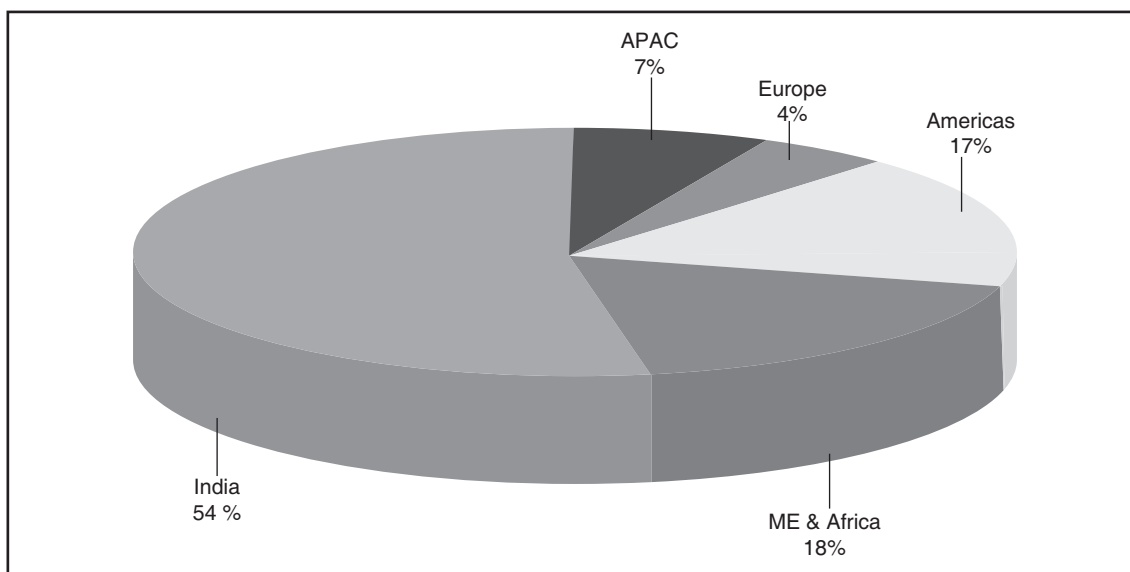
### MANAGEMENT DISCUSSION AND ANALYSIS

#### Overview

Going global and strengthening our position on Cloud has been key focus areas in FY 2012-13. To achieve our goal of becoming a leading provider of enterprise applications on Cloud, we have realigned our product and market strategies.

To this effect, the year 2012-13 has been a good start with Ramco ERP on Cloud winning customers across both domestic and international markets. With the global launch of our Cloud offerings on AWS platform, we have started gaining traction in North America, Middle East, Australia and APAC. Customer feedback and interest have been highly encouraging. We are continuing to strengthen our partnership network to further multiply this momentum in the year ahead.

The overall revenue of USD 44.53 million for FY 2012-13 from various geographies is depicted as below:



The largest contributor towards revenue has been India, followed by Middle East, Africa (MEA) and Americas. On the domestic front, we continued to grow our leadership position on Cloud and added marquee customers for all three product suites—ERP, HCM and Aviation. We also focused on strengthening our sales network and partnership to further support the growth momentum, going forward.

Middle East & Africa continues to grow YoY. This year, we acquired some very prestigious clients in the region for Aviation, HCM and ERP on Cloud. In January 2013, the world's largest International Airline, Emirates signed a Master Supply Agreement with Ramco to implement Reliability Information Management System. We also won three deals for HCM in the region—one from REDTAG, one a leading bank and another leading retail player.

The Americas continue to show good growth prospects with our first few ERP on Cloud customers coming on board in the region. Aviation continues to be a major contributor and focus vertical in the region. With the launch of Ramco Aviation on Cloud, we will now be able to address a hitherto underserved market of small and medium operators.

APAC continued on its winning spree. In addition to Singapore, Indonesia and Malaysia too started showing good traction with new partners and clients being added in the region. Aviation was the strongest performer followed by HCM and ERP. We also opened up a subsidiary in Australia and added our first few Cloud customers in the region.

#### Challenges

Brand visibility has been a challenge globally, and for the first time, we have stepped up our marketing spends, globally. We are focusing on building visibility and traction through on-ground events and active presence on the digital medium. The second challenge has been to build an active and growing network of channel partners, which is usually a long-term activity. We have made a good start by signing up our initial set of partners across the globe. Efforts and investments are on to increase the momentum on bringing in the right partners into the system. We also understand that to address a larger audience, we need to increase our office presence and sales footprint. We have been focusing on this and have opened up two new offices last year.



# Ramco Systems Limited, INDIA

## Opportunities

With mobile becoming the new mode of accessing data, there is a new opportunity emerging in the Business applications space. This has triggered our product strategy team to focus on “mobile first, rest later”. All our products are designed first for the mobile, followed by tablets and then desktops.

Our flagship product, ERP on Cloud has been gaining traction amid both small and large businesses, across geographies. Supported by our product philosophy of MUSIC (Mobility, User-Interface, Social, In-Memory and Context aware), Ramco ERP on Cloud enables customers to have a real-time view of business. This, in turn, reduces business complexities and attracts prospective customers.

Our solutions are built on the understanding that any business can be enhanced phenomenally by making things easier for the employee. This has resulted in remodeling Ramco HCM by tapping into trends like gamification, mobility and social media, thereby converting complex processes into enjoyable activities. It not only streamlines the HR processes but also enables and simplifies the global payroll management. We are all set to launch this solution on cloud, with focus on Talent Management.

Our understanding of the Aviation Industry has enabled us to grow our footprint across the globe. Heli-operators are a key focus segment for us and we have been growing rapidly by adding some of the leading names in the industry. 80% of the market today consists of small operators who access data from excel sheets and do not have an integrated M&E/MRO software, as they cannot afford the traditional system. With the launch of Ramco Aviation on Cloud, we are well poised to address this underserved market segment.

## Partnerships and Alliances

The Business Application space today has evolved to a great extent. Earlier, the focus was on the technicalities and functionalities of the solution, but now the focus has moved to usability and customer experience. With the availability of Cloud based enterprise applications, there is a growing thrust and demand from ISVs and technology firms to add cloud applications to their gamut of offerings. Today, we have 75+ partners across the globe, either implementation or sales partner or both.

The highlight of our solution for the partner community has been our ability to offer cutting edge tools like Extension Development Kit (EDK) and Partner Development Kit (PDK) to address customization and personalization needs of customers comprehensively. This also opens up a new stream of revenue for partners.

The year also paved way for strategic association with global technology providers like Google, Amazon, and Dell among others. However, our broad categorization of partner program includes Business Partners, System Integration and Consulting partners, who assist us in business development by packaging our solutions, along with their products or services.

## People initiatives

Our enhancements have also reflected in the talent that we have been acquiring. This year, we hired graduates from leading B-schools and also attracted some very good lateral hires from other ERP players. With the rebuilding exercise here at Ramco, we today have young and enthusiastic minds flowing in, with enough support from the experienced and wise. Knowledge transfer sessions by the product heads enlighten the employees on the end result of what they are working towards. We also emphasize on training for developing our employees' skills and organize training programs for them on an ongoing basis. Work, combined with fun and energy, is the underlying principle here. We have also adopted an open culture where employees are encouraged to experiment, innovate and contribute without any inhibitions or hierarchy.

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*The Reports presented above may not contain sufficient information to allow full understanding of the results or the state of affairs of the Company. The Ramco Systems management cautions investors that these reports are provided only as additional information to our investors. using such reports for predicting the future of Ramco Systems is risky. The Ramco Systems management is not responsible for any direct, indirect or consequential losses suffered by any person using these reports.*

## AUDITOR'S REPORT TO THE MEMBERS OF RAMCO SYSTEMS LIMITED

We have audited the accompanying financial statements of Ramco Systems Limited ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2 As required by Section 227(3) of the Act, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - (e) on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner  
Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

# Ramco Systems Limited, INDIA

## ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March, 2013;

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Most of the assets have been physically verified by the management during the year. The Company has a phased programme of verification which in our opinion is reasonable having regard to the size of the Company. No material discrepancies have been noticed on such verification.
  - (c) During the year, the Company has not disposed off substantial part of fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed at the time of physical verification.
- (iii) (a) The Company has taken loans of Rs.1,620.00 Mln. during the year from a party listed in the Register maintained under Section 301 of the Companies Act, 1956. The year end balance is Rs.137.50 Mln. and the maximum outstanding during the year is Rs. 682.50 Mln. No loans have been granted to any such parties by the Company.
  - (b) In our opinion rates of interest and other terms and conditions are not prejudicial to the interest of the Company.
  - (c) The repayment of the principal amounts and interest wherever applicable are regular.
  - (d) The loans taken by the Company are repayable on demand and therefore the question of overdue amounts does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
- (v) (a) The Company has transactions with Section 301 companies. The transactions have been entered in the register maintained under Section 301 of the Companies Act, 1956.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The Company does not come under Section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and Cess and other material statutory dues as applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and Cess were in arrears as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us, there are disputed statutory dues aggregating to Rs.13.29 Mln. that have not been deposited on account of matters pending before appropriate authority, are as under:

Name of the statute	Nature of dues	Forum where dispute is pending	(Rs. Mln.)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	9.84
Wealth Tax Act, 1957	Wealth Tax	Commissioner of Wealth Tax (Appeals)	2.50
Central Sales Tax Act, 1956	Central Sales Tax	Appellate Deputy Commissioner (CT)	0.95

- (x) In our opinion, the accumulated losses of the Company are not more than 50% of its net worth. The Company has not incurred cash losses during the financial year or in the immediately preceding financial year covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- (xx) There has been no public issue during the year and hence the question of end use of money does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner  
Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

# Ramco Systems Limited, INDIA

## BALANCE SHEET AS AT MARCH 31, 2013

	Note Number	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2012 (Rs. Mln.)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	157.73	155.52
Reserves and Surplus	3	1,341.32	1,507.67
		<u>1,499.05</u>	<u>1,663.19</u>
<b>Share Application Money Pending Allotment</b>	4	-	0.56
<b>Non-current Liabilities</b>			
Long Term Borrowings	5	11.98	7.39
Other Long Term Liabilities	6	38.40	40.75
Long Term Provisions	7	98.70	72.28
		<u>149.08</u>	<u>120.42</u>
<b>Current Liabilities</b>			
Short Term Borrowings	8	2,852.50	1,985.00
Trade Payables	9	299.34	320.78
Other Current Liabilities	10	145.89	114.75
Short Term Provisions	11	2.52	34.58
		<u>3,300.25</u>	<u>2,455.11</u>
<b>TOTAL</b>		<u>4,948.38</u>	<u>4,239.28</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	12		
- Tangible Assets		161.60	155.01
- Intangible Assets		2,075.91	1,661.53
Non-current Investments	13	1,239.31	1,222.57
Long Term Loans and Advances	14	128.75	104.70
Other Non-current Assets	15	-	-
		<u>3,605.57</u>	<u>3,143.81</u>
<b>Current Assets</b>			
Inventories	16	0.14	16.93
Trade Receivables	17	800.78	630.92
Cash and Bank Balances	18	51.94	34.75
Short Term Loans and Advances	19	106.40	86.83
Other Current Assets	20	383.55	326.04
		<u>1,342.81</u>	<u>1,095.47</u>
<b>TOTAL</b>		<u>4,948.38</u>	<u>4,239.28</u>

Notes on Financial Statements

1 to 36

As per our report annexed  
**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
V JAGADISAN

**C N GANGADARAN**  
Partner  
Membership No.:11205

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**G VENKATRAM**  
Company Secretary

**R S AGARWAL**  
Directors

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note Number	Year ended 31.03.2013 (Rs. Mln.)	Year ended 31.03.2012 (Rs. Mln.)
<b>INCOME</b>			
Revenue from Operations	21	1,690.93	1,518.24
Other Income	22	60.82	56.64
<b>Total Revenue</b>		<b>1,751.75</b>	<b>1,574.88</b>
<b>EXPENDITURE</b>			
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	23	16.79	(15.90)
Purchase of Stock-in-trade		59.92	29.37
Employee Benefit Expense	24	888.33	718.02
Finance Costs	25	60.52	25.64
Depreciation and Amortisation Expense	12	324.00	273.36
Other Expenses	26	590.28	573.97
<b>Total expenses</b>		<b>1,939.84</b>	<b>1,604.46</b>
<b>Profit / (Loss) Before Tax</b>		<b>(188.09)</b>	<b>(29.58)</b>
Tax Expenses			
- Current Tax	11	-	-
<b>Profit / (Loss) For The Year</b>		<b>(188.09)</b>	<b>(29.58)</b>
Earnings per equity share (EPS) of face value of Rs.10 each;			
Basic & Diluted EPS (Rs.)		(12.01)	(1.91)
Weighted average number of Equity Shares outstanding - Basic		15,665,293	15,512,389
Weighted average number of Equity Shares outstanding - Diluted		16,094,293	15,605,539

Notes on Financial Statements

1 to 36

As per our report annexed  
**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner  
Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
**V JAGADISAN**

**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**

**R S AGARWAL**  
Directors

# Ramco Systems Limited, INDIA

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Year ended 31.03.2013 (Rs. Min.)	Year ended 31.03.2012 (Rs. Min.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/(Loss) before tax as per Statement of Profit and Loss</b>	<b>(188.09)</b>	<b>(29.58)</b>
<b>Adjusted for:</b>		
Depreciation and Amortisation Expense	324.00	273.36
Bad debts written off	29.44	24.92
Finance Costs	60.53	25.64
(Profit)/Loss on Sale of Assets (Net)	4.66	1.62
Interest Income	(1.97)	(0.21)
Unrealised Exchange (Gain)/Loss	(12.21)	(33.56)
Employee Cost under ESOS/ESPS	15.91	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>232.27</b>	<b>262.19</b>
<b>Working Capital Changes:</b>		
Trade receivables, Loans & advances and Other current / Non-current assets	(289.74)	(87.30)
Earmarked balances with Banks - Margin money deposit	0.62	(0.10)
Inventories	16.79	(15.90)
Trade payables, Provisions and Other liabilities	(0.63)	(11.76)
<b>Cash Generated from Operations</b>	<b>(40.69)</b>	<b>147.13</b>
Taxes Paid	-	-
<b>Net Cash (Used in)/Generated from Operating Activities</b>	<b>(40.69)</b>	<b>147.13</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Fixed Assets	(526.07)	(411.12)
Investment in Equity of Subsidiaries	(16.74)	(0.62)
Loans to Subsidiaries-Net	(10.68)	-
Proceeds from Sale of Fixed Assets	2.53	1.42
Term deposit with Banks-others	(1.16)	(0.04)
Proceeds from Long Term Borrowings for assets under Hire purchase / Finance lease	13.47	6.14
Repayment of Long Term Borrowings for assets under Hire purchase / Finance lease	(6.47)	(9.15)
Interest Income	1.97	0.21
<b>Net Cash (Used in)/Generated from Investing Activities</b>	<b>(543.15)</b>	<b>(413.16)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital on account of exercise of Employee Stock Options	7.92	0.80
Proceeds from Short Term Borrowings	6,005.00	3,622.50
Repayment of Short Term Borrowings	(5,137.50)	(3,187.50)
Finance Costs paid	(286.71)	(192.59)
<b>Net Cash (Used in) / Generated from Financing Activities</b>	<b>588.71</b>	<b>243.21</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>4.88</b>	<b>(22.82)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>31.86</b>	<b>21.12</b>
Effect of Unrealised Foreign Exchange Fluctuation Gain/(Loss)	12.21	33.56
<b>Cash and Cash Equivalents at the end of the year</b>	<b>48.96</b>	<b>31.86</b>
Earmarked Balances with Banks		
- Term Deposits held as margin money against bank guarantees	0.58	1.19
- Balance in ESOS / Rights issue accounts	0.16	0.61
Term Deposits - Others	2.24	1.09
<b>Closing Cash and Bank Balances</b>	<b>51.94</b>	<b>34.75</b>

As per our report annexed  
For CNGSN & Associates  
Chartered Accountants  
Registration No.004915S

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
**V JAGADISAN**

**C N GANGADARAN**  
Partner  
Membership No.:11205

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**G VENKATRAM**  
Company Secretary

**R S AGARWAL**  
Directors

## NOTES ON FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### I Basis of Preparation and Presentation of Financial Statements

##### A Basis of Preparation:

The financial statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

##### B Use of Estimates:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

#### II Revenue Recognition

##### A Software and related services

###### i) License Fees

License Fee revenue is recognised on delivery of the software.

###### ii) Software development / Implementation Fees

Software development / Implementation Contracts are either fixed price based or time and material based. In case of fixed price contracts, revenue is recognised in accordance with percentage of completion method of accounting. In case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.

###### iii) Annual Maintenance Contract

Revenue from Maintenance services is recognized on a pro-rata basis over the period of the contract.

##### B Value Added Resale Hardware & Software

Revenue from sales is recognised upon despatch of goods to customers.

##### C Other Income

Interest on bank deposits and rental income are recognised on accrual basis.

#### III Fixed Assets and Depreciation

##### A Tangible Assets

Tangible Fixed Assets are capitalised at historical cost and includes freight, installation cost, finance cost, net of taxes and duties wherever applicable and other incidental expenses incurred during the installation stage.

Depreciation is charged on a pro-rata basis on the Straight Line Method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.

Individual assets not exceeding Rs.5,000/- are depreciated in full in the year of purchase.

Assets acquired on Hire Purchase are capitalised at the gross value and interest thereon charged to Statement of Profit and Loss.

In respect of Assets leased prior to 1<sup>st</sup> April, 2001, the lease rentals paid during the year are charged to Statement of Profit and Loss. In respect of assets leased on or after 1<sup>st</sup> April, 2001, the accounting treatment prescribed by Accounting Standard 19 on "Leases" is followed.

##### B Intangible Assets

(a) Costs incurred in the development of ERP product, together with repository of new business components, upon completion of the development phase, have been classified and grouped as "Product Software" under Fixed Assets.

Similarly, costs incurred in the development of technology platform framework, which would enable the company to provide solutions – both standard and customized – in an efficient manner, have been classified and grouped as "Technology Platform" under Fixed Assets, once the same is available for use.



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- (b) Company is filing patent applications and costs incurred for filing the patent application like consultancy and filing fees are capitalised upon grant of Patents.

The useful life of the above assets is estimated as ten years and depreciation is charged accordingly.

- (c) Computer Software purchased for own use are grouped under Intangible Assets. Depreciation is charged on a pro-rata basis on the Straight Line Method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.

## IV Investments

Long term investments are stated at cost and short term investments are valued at lower of cost and net realizable value.

## V Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes cost incurred in bringing the inventories to their present location and condition and is determined based on FIFO method.

## VI Foreign Currency Transactions

The functional currency of the Company is Indian Rupee.

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. The monetary items denominated in the foreign currency at the year end are translated at the exchange rates prevailing on the date of the Balance Sheet or wherever forward contracts are booked, at the respective rates as per such forward contracts and the loss or gain arising out of such transactions is adjusted in the Statement of Profit and Loss. Exchange difference in respect of foreign currency liabilities incurred for acquiring fixed assets on or before accounting period commencing after December 7, 2006 is added to the cost of respective fixed assets.

## VII Translation of Financial Statements of Foreign Branch

All income and expenditure transactions during the year are reported at a monthly moving average exchange rate for the respective periods. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction and the balance in 'head office account' whether debit or credit, is reported at the amount of the balance in the 'branch account' in the books of the head office, after adjusting for un responded transactions. Net gain / loss on foreign currency translation is recognized in the Statement of Profit and Loss.

## VIII Employee Benefits

Short-term employee benefits, salaries, wages and other benefits are recognized as expenses at the actual value as per contractual terms and such amounts are charged as expenses in the Statement of Profit and Loss for the year in which the related service is rendered. Other benefits are treated as below:

### Gratuity

In accordance with the Indian law, the company provides for gratuity, a defined benefit plan ("The Gratuity Plan"), covering all employees. These employees are covered under the Group Gratuity Scheme of the Life Insurance Corporation of India. The contribution to the said scheme are charged to the Statement of Profit and Loss. The liability for Gratuity is ascertained as at the Balance Sheet date based on independent actuarial valuation in accordance with Accounting Standard 15(revised) and the charge for current year arrived at. Accordingly, the difference between such charge and contribution is provided in the accounts by a debit to the Statement of Profit and Loss.

### Superannuation

The Senior officers of the Company have been given an option to participate in a defined contribution plan ("The Superannuation Plan") maintained by the Life Insurance Corporation of India. For those who opt to participate, the company makes contributions not exceeding Rupees one lakh per annum, based on a specified percentage of the basic salary of each covered employee. For those who do not opt to participate, an amount equivalent to the contribution determined at the time of exercise of option is paid alongwith salary. The company has no further obligation beyond its contributions / payments.

### National Pension System

The employees of the Company have been given an option to participate in a defined contribution plan ("National pension System"), maintained by the fund managers approved by the Pension Fund Regulatory and Development Authority. For those who opt to participate, the company makes contributions equal to 10% of the covered employee's basic salary. For those who do not opt to participate, an amount equivalent to the contribution determined at the time of exercise of option is paid alongwith salary. The company has no further obligation beyond its contributions / payments.

## Provident Fund

In addition to the above benefits, all employees receive benefits from a Provident fund, which is a defined contribution plan. Both the employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's basic salary. These contributions are made to the employees' provident fund maintained by the Government of India. The Company has no further obligations under the plan beyond its monthly contributions.

## Leave Encashment

Leave encashment liability is ascertained as at the Balance Sheet date based on independent actuarial valuation in accordance with Accounting Standard 15(revised) and is provided for in the books of accounts.

## IX Earnings per share

Profit after tax is adjusted for prior period adjustments, if any and divided by the weighted average number of equity shares outstanding during the period.

## X Taxes on income

Current Tax is determined as the amount of tax payable in respect of the taxable income for the period. Deferred tax asset or deferred tax liability is considered for timing differences in accordance with Accounting Standard 22. Deferred tax asset arising on account of carry forward of losses is not considered.

Minimum Alternative Tax (MAT) credit asset is recognized only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

## XI Borrowing costs

Borrowing costs that are attributable to the acquisition or construction or production of qualifying assets are capitalized as part of cost of those assets as per Accounting Standard 16. All other borrowing costs are charged to Statement of Profit and Loss

## XII Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2 Share Capital	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2012 (Rs. Mln.)
<b>Authorised</b>		
50,000,000 (previous year 50,000,000) Equity Shares of Rs.10 each	<u>500.00</u>	<u>500.00</u>
<b>Issued</b>		
16,086,293 (previous year 15,865,921) Equity Shares of Rs.10 each	<u>160.86</u>	<u>158.66</u>
<b>Subscribed</b>		
16,086,293 (previous year 15,865,921) Equity Shares of Rs.10 each	<u>160.86</u>	<u>158.66</u>
<b>Paid-up</b>		
15,737,115 (previous year 15,516,743) Equity Shares of Rs.10 each (includes value of forfeited shares of Rs.353,890 (previous year Rs.353,890) for 349,178 shares)	<u>157.73</u>	<u>155.52</u>
	<u>157.73</u>	<u>155.52</u>

The company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share.

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	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2012 (Rs. Mln.)
<b>2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</b>		
Shares outstanding at the beginning of the year 15,516,743 (previous year 15,501,384)	155.52	155.37
Shares issued during the year under ESOS/ESPS- 220,372 (previous year 15,359)	2.21	0.15
Shares outstanding at the end of the year 15,737,115 (previous year 15,516,743)	<u>157.73</u>	<u>155.52</u>
<b>2.2</b> Number of non resident shareholders	<b>74</b>	72
Number of shares held by the non resident shareholders	<b>37,016</b>	33,612
Dividend remitted in foreign currency	<b>Nil</b>	Nil

## 2.3 Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held:

Name	As at 31.03.2013		As at 31.03.2012	
	Shares held	% of holding	Shares held	% of holding
Shri P R Venketrama Raja	1,779,961	11.31	1,729,397	11.15
Ramco Industries Limited	4,822,215	30.64	4,822,215	31.07
Madras Cements Limited	2,117,810	13.46	2,117,810	13.64

## 2.4 Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts:

The Company has formulated various employee Stock Option Schemes. The summary is provided below:

Name of Stock Option Schemes	As at 31.03.2013			As at 31.03.2012		
	Outstanding Nos.	Exercise Price (Rs.)	Value (Rs. Mln.)	Outstanding Nos.	Exercise Price (Rs.)	Value (Rs. Mln.)
ESOP 2000	1,300	177	0.23	1,300	177	0.23
ESOS 2003	500	266	0.13	500	266	0.13
ESOS 2003	2,700	177	0.48	3,200	177	0.57
ESOS 2008	460,082	53	24.38	668,944	53	35.45
ESOS 2008	50,000	143	7.15	-	-	-
ESOS 2008	25,000	138	3.45	-	-	-
ESOS 2008	50,000	125	6.25	-	-	-
ESOS 2009 - Plan A	259,031	94	24.35	303,763	94	28.55
ESOS 2009 - Plan A	20,000	98	1.96	20,000	98	1.96
ESOS 2009 - Plan A	20,000	61	1.22	20,000	61	1.22
ESOS 2009 - Plan A	60,000	115	6.90	-	-	-
ESOS 2009 - Plan A	20,000	10	0.20	-	-	-
ESOS 2009 - Plan B	389,483	94	36.61	454,800	94	42.75
ESOS 2009 - Plan B	25,000	10	0.25	-	-	-
ESOS 2009 - Plan B	60,000	115	6.90	-	-	-
<b>Total</b>	<b>1,443,096</b>		<b>120.46</b>	1,472,507		110.86

Further details of the above Schemes can be obtained from ANNEXURE B to the Director's Report.

	<b>As at 31.03.2013 (Rs. Mln.)</b>	As at 31.03.2012 (Rs. Mln.)
<b>3 Reserves and Surplus</b>		
Securities Premium Account (includes value of forfeited shares of Rs.111,910 (previous year Rs.111,910) for 349,178 shares)	<b>1,966.61</b>	1,949.57
Share Options Outstanding	<b>4.70</b>	-
Balance in Profit and Loss Account	<b>(629.99)</b>	(441.90)
	<b><u>1,341.32</u></b>	<u>1,507.67</u>
<b>3.1 Securities Premium Account</b>		
Opening Balance	<b>1,949.57</b>	1,948.91
Shares issued during the year under ESOS-120,372 (previous year 15,359)	<b>5.83</b>	0.66
Add: Transferred from stock options outstanding *	<b>11.21</b>	-
Closing Balance	<b><u>1,966.61</u></b>	<u>1,949.57</u>
* Represents premium accounted (without receipt in cash) towards the difference between the market price of Rs. 122.05 prevailing on the relevant date and the issue price of Rs. 10 on 1,00,000 share allotted on 28 <sup>th</sup> May, 2012 under ESOS, as per SEBI guidelines.		
<b>3.2 Stock Options Outstanding</b>		
Gross employee stock compensation for options granted in earlier years	-	-
Add: Gross compensation options/shares granted during the year	<b>15.91</b>	-
Less: Transferred to Securities Premium on exercise of stock options/shares	<b>(11.21)</b>	-
Closing balance	<b><u>4.70</u></b>	<u>-</u>
<b>3.3 Balance in Profit and Loss Account</b>		
Opening balance	<b>(441.90)</b>	(412.32)
Current year Profit / (Loss)	<b>(188.09)</b>	(29.58)
Closing balance	<b><u>(629.99)</u></b>	<u>(441.90)</u>
<b>4 Share Application Money Pending Allotment</b>		
(a) Terms and conditions	-	Refer note below
(b) Number of shares proposed to be issued (No.)	-	10,500
(c) Amount of premium (Rs. Mln.)	-	0.45
(d) The period before which shares are to be allotted	-	Refer note below
(e) Whether the company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money	-	Yes
(f) Interest accrued on amount due for refund	-	Not Applicable
(g) The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form along with the reasons for such share application money being pending	-	Nil
<b>Note:</b> The Share Application Money Pending Allotment as at the previous year end, represents receipt pursuant to the exercise of Options under the Employee Stock Option Scheme, 2008 of the Company. Under the said scheme, 1 share of Rs.10 each, at a premium of Rs.43 per share needs to be issued for each option exercised. The shares need to be allotted within 6 weeks of receipt of exercise application along with remittance of exercise money. No such application money has been pending beyond the stipulated time for allotment.		
<b>5 Long Term Borrowings</b>		
Hire Purchase Loans, secured *	<b>11.98</b>	7.39
* Includes loan from Banks Rs.0.07 Mln. (previous year Rs.0.27 Mln.) and others Rs. 11.91 Mln. (previous year Rs.7.12 Mln.)		

# Ramco Systems Limited, INDIA

- 5.1 The hire purchase loans are secured by hypothecation of assets (Vehicles) procured under the hire purchase scheme.
- 5.2 Terms of repayment: These loans are repayable in 48/60 equal monthly instalments from the date of disbursement. The interest and maturity profile are as under:

## As at 31.03.2013

Rate of Interest	2016-17 (Rs. Mln.)	2015-16 (Rs. Mln.)	2014-15 (Rs. Mln.)	Total (Rs. Mln.)
9.00%	-	-	0.46	0.46
10.25%	-	-	0.15	0.15
10.50%	-	0.02	0.24	0.26
10.75%	0.43	0.39	0.35	1.17
11.00%	1.02	1.35	1.20	3.57
11.25%	0.43	1.61	1.44	3.48
11.50%	0.03	1.14	1.72	2.89
<b>Total</b>	<b>1.91</b>	<b>4.51</b>	<b>5.56</b>	<b>11.98</b>

## As at 31.03.2012

Rate of Interest	2015-16 (Rs. Mln.)	2014-15 (Rs. Mln.)	2013-14 (Rs. Mln.)	Total (Rs. Mln.)
8.50%	-	0.11	0.45	0.56
9.00%	-	0.56	1.32	1.88
10.25%	-	0.15	0.16	0.31
10.50%	0.01	0.54	0.64	1.19
11.50%	0.80	1.40	1.25	3.45
<b>Total</b>	<b>0.81</b>	<b>2.76</b>	<b>3.82</b>	<b>7.39</b>

	<b>As at 31.03.2013 (Rs. Mln.)</b>	As at 31.03.2012 (Rs. Mln.)
<b>6 Other Long Term Liabilities</b>		
Trade Payables	-	2.36
Other Long Term Liabilities *	<b>38.40</b>	38.39
	<b>38.40</b>	40.75
* Represents rental advance(s)		
<b>7 Long Term Provisions</b>		
Provision for gratuity	<b>18.56</b>	6.34
Provision for leave encashment	<b>80.14</b>	65.94
	<b>98.70</b>	72.28
<b>8 Short Term Borrowings</b>		
Loans repayable on demand from Banks, secured	<b>85.00</b>	110.00
Loans repayable on demand from Banks, unsecured	<b>100.00</b>	-
Loans from Banks, unsecured	<b>2,530.00</b>	1,745.00
Loan repayable on demand from related parties, unsecured	<b>137.50</b>	130.00
	<b>2,852.50</b>	1,985.00

## 8.1 Short Term Borrowings Terms of Repayment and Security details

Loans repayable on demand, from Banks, secured, consists of:

- (a) Rs.10.00 Mln. (previous year Rs.10.00 Mln.) secured by a pari-passu first charge on current assets including stocks and book debts and fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease and supported by Corporate Guarantee from Ramco Industries Limited and
- (b) Rs.75.00 Mln. (previous year Rs.100.00 Mln.) secured by a pari-passu first charge on the current assets including stocks and book debts and supported by Corporate Guarantee from Ramco Industries Limited.

Loans repayable on demand, from Banks, unsecured, consists of:

- (a) Rs. 100.00 Mln. (previous year Nil), supported by Corporate Guarantee from Madras Cements Limited.

Loans from Banks, unsecured, consists of :

- (a) Rs. 2,230.00 Mln. (previous year Rs. 1,450.00 Mln.), supported by Corporate Guarantee from Madras Cements Limited and
- (b) Rs.300.00 Mln. (previous year Rs.295.00 Mln.), supported by Corporate Guarantee from Ramco Industries Limited.

Loan repayable on demand from related parties, unsecured, consists of:

- (a) Rs.137.50 Mln. (previous year Rs.130.00 Mln.) from Madras Cements Limited.

	<b>As at 31.03.2013 (Rs. Mln.)</b>	<b>As at 31.03.2012 (Rs. Mln.)</b>
<b>9 Trade Payables</b>		
Subsidiaries	<b>93.21</b>	150.08
Others	<b>206.13</b>	170.70
	<b>299.34</b>	320.78
<b>9.1</b>	There are no Micro and Small Enterprises, to whom the Company owes dues as at 31 <sup>st</sup> March, 2013 and on 31 <sup>st</sup> March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.	
<b>10 Other Current Liabilities</b>		
Unearned revenue	<b>50.13</b>	52.18
Hire Purchase Loans, secured #	<b>5.75</b>	3.47
Interest accrued but not due	<b>0.44</b>	0.40
Share application money due for refund	-	0.03
Statutory dues payable	<b>23.14</b>	20.51
Expenses payable	<b>31.47</b>	18.54
Others *	<b>34.96</b>	19.62
	<b>145.89</b>	114.75

# Secured by hypothecation of assets (vehicles) procured under the hire purchase scheme. Includes loan from Banks Rs. 0.20 Mln. (previous year Rs.0.20 Mln.) and others Rs. 5.55 Mln. (previous year Rs.3.27 Mln.).

\* Includes advance collected from customers and payable to vendors for capital payables.

## 11 Short Term Provisions

Provision for gratuity	-	22.45
Provision for superannuation, leave encashment	<b>2.52</b>	12.13
	<b>2.52</b>	34.58

- 11.1** No provision for tax for the Company (including its Branches at United Kingdom and Germany) has been made in view of absence of taxable profits during current and previous year. Profits of the Dubai Branch are tax free. The company has net deferred tax assets as on 31<sup>st</sup> March, 2013 and as on 31<sup>st</sup> March, 2012, which arise mainly on account of carry forward losses. However the company has not taken credit for such net deferred tax assets.

# Ramco Systems Limited, INDIA

## 12 Fixed Assets

(Rs. Mln.)

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.2012	Additions	Withdrawals	As at 31.03.2013	Up to 01.04.2012	For the year	Withdrawals	Up to 31.03.2013	As at 01.04.2012	As at 31.03.2013
<b>TANGIBLE ASSETS</b>										
Building	3.12	-	-	3.12	1.46	0.10	-	1.56	1.66	1.56
Plant & Machinery - EDP	300.08	33.91	1.76	332.23	220.55	36.90	1.28	256.17	79.53	76.06
Furniture	31.03	4.41	0.95	34.49	19.14	2.86	0.23	21.77	11.89	12.72
Office Equipments	0.82	-	-	0.82	0.56	0.03	-	0.59	0.26	0.23
Electrical Items	65.91	7.55	3.27	70.19	18.39	3.48	0.65	21.22	47.52	48.97
Vehicles	16.69	13.34	4.57	25.46	2.54	2.05	1.19	3.40	14.15	22.06
<b>Sub-Total</b>	<b>417.65</b>	<b>59.21</b>	<b>10.55</b>	<b>466.31</b>	<b>262.64</b>	<b>45.42</b>	<b>3.35</b>	<b>304.71</b>	<b>155.01</b>	<b>161.60</b>
Previous year	372.32	53.45	8.12	417.65	225.29	42.43	5.08	262.64	147.03	155.01
<b>INTANGIBLE ASSETS</b>										
Technology Platform	751.61	143.18	-	894.79	330.63	65.54	-	396.17	420.98	498.62
Product Software	1,789.95	458.79	-	2,248.74	606.41	178.99	-	785.40	1,183.54	1,463.34
Patents	8.84	2.18	-	11.02	1.90	0.99	-	2.89	6.94	8.13
Software	273.51	88.81	-	362.32	223.44	33.06	-	256.50	50.07	105.82
<b>Sub-Total</b>	<b>2,823.91</b>	<b>692.96</b>	<b>-</b>	<b>3,516.87</b>	<b>1,162.38</b>	<b>278.58</b>	<b>-</b>	<b>1,440.96</b>	<b>1,661.53</b>	<b>2,075.91</b>
Previous year	2,301.14	522.77	-	2,823.91	931.45	230.93	-	1,162.38	1,369.69	1,661.53
<b>Grand Total</b>	<b>3,241.56</b>	<b>752.17</b>	<b>10.55</b>	<b>3,983.18</b>	<b>1,425.02</b>	<b>324.00</b>	<b>3.34</b>	<b>1,745.67</b>	<b>1,816.54</b>	<b>2,237.51</b>
Previous year	2,673.46	576.22	8.12	3,241.56	1,156.74	273.36	5.08	1,425.02	1,516.72	1,816.54

- Note: 1 Gross block under vehicles includes assets purchased under Hire Purchase Rs.24.72 Mln. (previous year Rs.15.94 Mln.), Net block as on 31<sup>st</sup> March, 2013 Rs.21.63 Mln.(previous year Rs.13.64 Mln.).  
2 Gross block under plant & machinery-EDP includes assets purchased under Finance Lease Rs.25.29 Mln.(previous year Rs.25.29 Mln.), Net Block as on 31<sup>st</sup> March, 2013 Rs.7.39 Mln.(previous year Rs.11.34 Mln.).  
3 Additions to the gross block in respect of technology platform include capitalisation of interest amounting to Rs.53.78 Mln.(previous year Rs.37.90 Mln.) and product software include Rs.172.32 mln.(previous year Rs.127.21 Mln.).

	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2012 (Rs. Mln.)
<b>13 Non-current Investments</b>		
<b>Equity investments in subsidiaries at cost, long term, trade, unquoted</b>		
192,729,550 Shares in Ramco Systems Corporation, USA of face value of USD 0.0145 each (previous year 192,729,550 shares @ USD 0.0145 each)	<b>743.41</b>	743.41
1,400,000 Shares in Ramco Systems Ltd., Switzerland of face value of CHF 1 each (previous year 1,400,000 Shares @ CHF 1 each)	<b>441.70</b>	441.70
725,000 Shares in Ramco Systems Pte. Ltd., Singapore of face value of SGD 1 each (previous year 725,000 Shares @ SGD 1 each)	<b>18.62</b>	18.62
1,280,000 Shares in Ramco Systems Sdn. Bhd., Malaysia of face value of RM 1 each (previous year 1,280,000 Shares @ RM 1 each)	<b>18.22</b>	18.22
100 Shares in RSL Enterprise Solutions (Pty.) Ltd., South Africa of face value of ZAR 1 each amounting to Rs. 701 (previous year 100 Shares @ ZAR 1 each amounting to Rs. 701)	-	-
50 Shares in Ramco Systems Dubai, FZ-LLC, of AED 1,000 each (previous year 50 Shares @ AED 1,000 each)	<b>0.62</b>	0.62
250,000 Shares in Ramco Systems Australia Pty Ltd., Australia, of AUD 1 each (previous year Nil)	<b>14.66</b>	-
100,000 Shares in RSL Software Company Limited, Sudan, of SDG 1 each (previous year Nil)	<b>2.08</b>	-
	<b>1,239.31</b>	<b>1,222.57</b>

	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2012 (Rs. Mln.)		
<b>14 Long Term Loans and Advances</b>				
<b>Unsecured, considered good</b>				
Advance Tax and Tax deducted at source	99.63	72.51		
Security deposits	29.12	32.19		
	<u>128.75</u>	<u>104.70</u>		
<b>15 Other Non-current Assets</b>				
Trade receivables, unsecured, considered doubtful	4.66	4.66		
Provision for doubtful trade receivables	(4.66)	(4.66)		
	<u>-</u>	<u>-</u>		
<b>16 Inventories</b>				
Stock-in-trade *	0.14	16.93		
* Represents hardware and software materials held for resale, valued at cost or net realisable value whichever is lower and as certified by management				
<b>17 Trade Receivables</b>				
<b>Unsecured, considered good</b>				
<b>(a) Over six months from the date they were due for payment</b>				
Trade receivables - subsidiaries	60.68	3.75		
Trade receivables - others	300.09	283.98		
<b>(b) Others</b>				
Trade receivables - subsidiaries	133.28	108.36		
Trade receivables - others	306.73	234.83		
	<u>800.78</u>	<u>630.92</u>		
<b>17.1 Trade Receivables includes dues from Subsidiaries as below:</b>		(Rs. Mln.)		
	<b>Outstanding as at</b>	<b>Maximum amount due during</b>		
<b>Subsidiary</b>	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>2012-13</b>	<b>2011-12</b>
Ramco Systems Corporation, USA	9.40	21.75	57.73	21.75
Ramco Systems Sdn. Bhd., Malaysia	5.16	-	5.16	-
Ramco Systems Pte Ltd., Singapore	22.06	6.29	25.66	19.59
RSL Enterprise Solutions (Pty.) Ltd., South Africa	110.04	50.17	110.04	142.87
Ramco Systems Canada Inc., Canada	0.29	19.07	21.57	61.46
Ramco Systems FZ-LLC, Dubai	44.10	14.83	44.10	14.83
RSL Software Company Ltd., Sudan	2.65	-	8.57	-
Ramco Systems Australia Pty Ltd, Australia	0.26	-	0.26	-
	<u>193.96</u>	112.11	<u>273.09</u>	260.50
<b>18 Cash and Bank Balances</b>				
<b>Cash and cash equivalents</b>				
Cash on hand	0.20		0.12	
Balance with Banks	48.76		31.74	
<b>Other Bank balances</b>				
Term deposits held as margin money against bank guarantees	0.58		1.19	
Term deposits others	2.24		1.09	
Balance in Rights Issue / ESOS accounts	0.16		0.61	
	<u>51.94</u>		<u>34.75</u>	
<b>19 Short Term Loans and Advances</b>				
<b>Unsecured, considered good</b>				
Loans and advances to related parties	10.68		-	
Loans and advances others *	95.72		86.83	
	<u>106.40</u>		<u>86.83</u>	
* Includes customer security deposits, vendor advances, employee advances, statutory advances and prepaid expenses				



# Ramco Systems Limited, INDIA

## 19.1 Short Term Loans and Advances includes dues from Subsidiaries as below: (Rs. Mln.)

Subsidiary	Outstanding as at		Maximum amount due during	
	31.03.2013	31.03.2012	2012-13	2011-12
Ramco Systems Pte Ltd., Singapore	4.35	-	17.46	-
RSL Enterprise Solutions (Pty.) Ltd., South Africa	6.33	-	20.99	-
Ramco Systems FZ-LLC., Dubai	-	-	-	2.83
	<b>10.68</b>	<b>-</b>	<b>38.45</b>	<b>2.83</b>

	As at		As at	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	(Rs. Mln.)		(Rs. Mln.)	
<b>20 Other Current Assets</b>				
Unbilled revenue			380.81	323.57
Software work in progress			2.74	2.47
			<b>383.55</b>	<b>326.04</b>
			<b>Year ended</b>	<b>Year ended</b>
			<b>31.03.2013</b>	<b>31.03.2012</b>
			<b>(Rs. Mln.)</b>	<b>(Rs. Mln.)</b>
<b>21 Revenue from operations</b>				
Software revenue (License & Services)			1,473.73	1,371.51
Resale software and hardware materials			90.25	20.94
Royalty income			126.95	125.79
			<b>1,690.93</b>	<b>1,518.24</b>
<b>21.1 Earnings in foreign exchange</b>				
Export of goods and services on FOB basis			308.47	357.16
Royalty			126.95	125.79
			<b>435.42</b>	<b>482.95</b>
<b>22 Other Income</b>				
Interest income			1.97	1.60
Profit on sale of assets			0.45	0.05
Recovery of expenses from customers			11.22	8.20
Rent income			46.91	46.49
Other income			0.27	0.30
			<b>60.82</b>	<b>56.64</b>
<b>23 Changes in Inventories of Stock-in-trade</b>				
Opening stock			16.93	1.03
Closing stock			0.14	16.93
			<b>16.79</b>	<b>(15.90)</b>
<b>23.1 Value of consumption of imported and indigenous raw materials and spare parts</b>				
	Year ended 31.03.2013		Year ended 31.03.2012	
<b>Resale Materials</b>	<b>(Rs. Mln.)</b>	<b>%</b>	<b>(Rs. Mln.)</b>	<b>%</b>
Imported	20.07	26.16	8.51	63.15
Indigenous	56.64	73.84	4.96	36.85
	<b>76.71</b>	<b>100.00</b>	<b>13.47</b>	<b>100.00</b>

	Year ended 31.03.2013 (Rs. Mln.)	Year ended 31.03.2012 (Rs. Mln.)
<b>23.2 CIF value of Imports</b>		
Resale materials	7.07	15.25
Capital goods	45.15	19.78
Outflow for patent applications	3.26	1.49
	<u>55.48</u>	<u>36.52</u>
<b>24 Employee Benefit Expense</b>		
Salaries, wages, bonus etc.,	783.04	634.38
Provident fund contribution	44.59	39.32
Gratuity and other retirals	53.68	37.47
Staff welfare	7.02	6.85
	<u>888.33</u>	<u>718.02</u>

**24.1 Disclosure of Employee Benefits as per Accounting Standard 15 (Revised 2005):**

**(a) Defined Contribution Plan:**

Employer's Contribution to Provident Fund	44.59	39.32
Employer's Contribution to Superannuation & National Pension System	17.19	13.96

**(b) Defined Benefit Plan:**

(Rs. Mln.)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
<b>Reconciliation of opening and closing balances of defined benefit plan:</b>				
Defined Benefit obligation as on 1 <sup>st</sup> April	102.01	70.15	76.11	49.14
Current Service Cost	18.69	2.80	14.42	3.60
Interest Cost	7.92	5.47	5.93	3.63
Actuarial (gain) / loss	19.16	(18.39)	9.46	21.26
Benefits paid	(15.51)	(10.15)	(3.91)	(7.48)
Defined Benefit obligation as on 31 <sup>st</sup> March	132.27	54.63*	102.01	70.15
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>				
Fair value of plan assets as on 1 <sup>st</sup> April	73.22	-	69.08	-
Expected return on plan assets	7.11	-	5.44	-
Actuarial (gain)/loss	2.17	-	0.86	-
Employer contribution	46.72	-	1.75	-
Benefits paid	(15.51)	-	(3.91)	-
Fair value of plan assets as on 31 <sup>st</sup> March	113.71	-	73.22	-
Actual return on plan assets	9.28	-	6.31	-
<b>Reconciliation of fair value of assets and obligations:</b>				
Fair value of plan assets	113.71	-	73.22	-
Present value of obligation	(132.27)	(54.63)	(102.01)	(70.15)
Amount recognized in Balance Sheet	(18.56)	(54.63)	(28.79)	(70.15)
<b>Expense recognized during the year:</b>				
Current Service Cost	18.69	2.80	14.42	3.60
Interest Cost	7.92	5.47	5.93	3.63
Expected return on plan assets	(7.11)	-	(5.44)	-
Actuarial (gain) / loss	16.99	18.39	8.60	21.26
Net Cost	36.49	26.66	23.51	28.49
<b>Investment Details:</b>				
GOI Securities	-	-	-	-
State Government Securities	-	-	-	-
High Quality Corporate Bonds	-	-	-	-
Funds with LIC	100%	-	100%	-
Others	-	-	-	-

# Ramco Systems Limited, INDIA

(Rs. Mln.)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
<b>Actuarial assumptions:</b>				
Attrition rate	6%	6%	6%	6%
Discount rate p.a	8%	8%	8%	8%
Expected rate of return on plan assets p.a	8%	-	8%	-
Rate of escalation in salary p.a	10%	10%	8%	8%

\* During the year the Company had revised the leave policy effective 1<sup>st</sup> January, 2013. As per this, the leave encashment liability was crystalized at Rs. 32.04 Mln. Out of which an amount of Rs. 4.00 Mln. was paid till 31<sup>st</sup> March, 2013. Hence the crystalised liability of Rs. 32.04 Mln., had been excluded from arriving at the actuarial liability as on 31<sup>st</sup> March 2013.

	Year ended 31.03.2013 (Rs. Mln.)	Year ended 31.03.2012 (Rs. Mln.)
<b>25 Finance Costs</b>		
Interest on Loans	58.08	24.88
Other finance costs	2.44	0.76
	<b>60.52</b>	<b>25.64</b>
<b>26 Other Expenses</b>		
Advertisement & sales promotion	34.75	63.15
Bank charges	1.39	1.72
Bad and doubtful debts & advances	29.44	24.92
Consultancy charges	20.81	15.80
Foreign exchange fluctuation, net	(14.31)	(33.56)
Insurance	2.37	1.61
Loss on sale of fixed assets	5.11	1.67
Office maintenance	17.41	16.17
Outsourcing costs	91.80	114.34
Power & fuel	16.63	11.94
Printing & stationery	2.39	2.10
Postage, telephone & communication	31.36	19.93
Rent	150.98	141.88
Repairs - Buildings	3.91	-
Repairs - Plant & Machinery	7.97	9.10
Repairs - Others	8.07	6.78
Rates & taxes	20.07	14.04
Sales commission and other selling	9.79	9.51
Software subscription and maintenance	26.55	9.84
Travel & conveyance	105.31	102.76
Unfructified patent expenses	9.09	25.39
Other miscellaneous expenses	9.39	14.88
	<b>590.28</b>	<b>573.97</b>

	<b>As at 31.03.2013 (Rs. Mln.)</b>	As at 31.03.2012 (Rs. Mln.)
<b>27 Contingent Liabilities and Commitments</b>		
<b>27.1 Contingent Liabilities:</b>		
(a) Bank Guarantees	<b>33.52</b>	38.38
(b) Disputed Income tax / Wealth tax demand – pending before the first appellate authority	<b>12.34</b>	9.84
(c) In respect of disputed Sales tax demand amounting to Rs. 1.91 Mln. (previous year Nil), appeal is pending with the first Appellate Authority. Against this, Rs. 0.95 Mln. has been deposited and for the balance, Bank Guarantee has been furnished.		
Note: The Company is engaged in development of software products, which are marketed by the Company and its overseas subsidiaries. The intellectual property rights are held by the company. There are in-built warranties for performance and support. Claims which may arise out of these are not quantifiable and hence not provided for.		
<b>27.2 Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>19.75</b>	22.01
(b) The Company has undertaken to provide to continued financial support to its subsidiaries Ramco Systems Ltd., Switzerland, RSL Enterprise Solutions (Pty) Ltd., South Africa and Ramco Systems Pte. Ltd., Singapore		
	<b>Year ended 31.03.2013 (Rs. Mln.)</b>	Year ended 31.03.2012 (Rs. Mln.)
<b>28 Expenditure in Foreign Currency on account of:</b>		
Professional / consultation fees	<b>11.66</b>	3.99
Travelling	<b>41.68</b>	33.73
Others	<b>19.15</b>	8.11
	<b>72.49</b>	45.83
<b>29 Fees paid to Statutory Auditors (Excluding service tax)</b>		
Statutory Audit	<b>0.85</b>	0.85
Tax Audit	<b>0.15</b>	0.15
Independent Auditor's report under AS-21	<b>0.20</b>	0.20
Other certification	<b>0.50</b>	0.24
Reimbursement of out of pocket expenses	<b>0.06</b>	0.08
	<b>1.76</b>	1.52
<b>30 Research and Development</b>		
Statement of Profit and Loss, Balance Sheet and Schedules, based on separate books maintained in respect of the Research & Development Activities, are enclosed.		
<b>31 Segment Revenue</b>		
The company currently operates only in one segment, viz., Software Solutions & Services and hence the segment reporting as required by AS-17, issued by The Institute of Chartered Accountant of India does not apply.		

# Ramco Systems Limited, INDIA

## 32 Related Party Transactions

As per Accounting Standard (AS-18) issued by The Institute of Chartered Accountants of India, the Company's related parties are given below:

### (a) Subsidiary Companies:

- |   |  |
|---|--|
| 1 Ramco Systems Corporation, USA                    | 6 Ramco Systems Canada Inc., Canada<br>(wholly owned subsidiary of Ramco Systems Corporation, USA) |
| 2 Ramco Systems Ltd., Switzerland                   | 7 Ramco Systems FZ-LLC, Dubai  |
| 3 Ramco Systems Pte Ltd., Singapore                 | 8 RSL Software Company Limited, Sudan  |
| 4 Ramco Systems Sdn Bhd., Malaysia                  | 9 Ramco Systems Australia Pty Ltd., Australia  |
| 5 RSL Enterprise Solutions (Pty) Ltd., South Africa |  |

### (b) Key Management Personnel and Relatives:

- 1 Shri P R Ramasubrahmaneya Rajha
- 2 Shri P R Venketrama Raja

### (c) Enterprises over which the above persons exercise significant influence and with which the company has transactions during the year ("Group"):

- |  |                                   |
|--|-----------------------------------|
| 1 Rajapalayam Mills Limited                  | 7 Thanjavur Spinning Mill Limited |
| 2 Madras Cements Limited                     | 8 Rajapalayam Spinners Limited    |
| 3 Ramco Industries Limited                   | 9 Sri Harini Textiles Limited     |
| 4 The Ramaraju Surgical Cotton Mills Limited | 10 Swarna Bhoomi Estate           |
| 5 Sri Vishnu Shankar Mills Limited           | 11 Thanga Vilas Estate            |
| 6 Sandhya Spinning Mill Limited              |                                   |

The Company's transactions with the above related parties are given below:

(Rs. Mln.)

Particulars	Transactions during 2012-13	Outstanding as at 31.03.2013	Transactions during 2011-12	Outstanding as at 31.03.2012
<b>Income from Sale of goods &amp; services</b>				
Ramco Systems Corporation, USA	55.40	0.26	41.60	0.38
Ramco Systems Canada Inc., Canada	0.58	-	106.46	16.80
Ramco Systems Limited, Switzerland	4.00	-	18.79	-
Ramco Systems Sdn. Bhd., Malaysia	9.22	3.08	1.41	-
Ramco Systems Pte. Ltd., Singapore	16.80	7.63	9.42	1.69
RSL Enterprise Solutions (Pty) Ltd., S.Africa	130.86	110.04	129.76	50.17
Ramco Systems FZ-LLC, Dubai	42.86	34.03	7.50	7.49
RSL Software Company Limited, Sudan	5.11	2.65	-	-
Ramco Systems Australia Pty Ltd., Australia	0.38	0.27	-	-
Madras Cements Limited	567.12	70.66	198.71	1.37
Ramco Industries Limited	8.85	0.09	19.76	-
Rajapalayam Mills Limited	1.28	0.04	1.27	-
Sri Vishnu Shankar Mills Limited	0.65	0.01	0.66	-
Sandhya Spinning Mill Limited	0.55	-	0.55	-
Thanjavur Spinning Mill Limited	0.31	-	0.32	-
Rajapalayam Spinners Limited	0.14	-	0.14	-
Sri Harini Textiles Limited	0.09	-	0.09	-
The Ramaraju Surgical Cotton Mills Limited	0.81	0.02	0.82	-
Swarna Bhoomi Estate	0.10	-	0.40	-
Thanga Vilas Estate	0.13	-	0.62	-
<b>Income from royalty</b>				
Ramco Systems Corporation, USA	58.17	9.14	66.53	21.37
Ramco Systems Canada Inc., Canada	1.19	0.29	5.59	2.27
Ramco Systems Limited, Switzerland	20.12	-	19.03	-
Ramco Systems Sdn. Bhd., Malaysia	7.16	2.08	8.78	-
Ramco Systems Pte. Ltd., Singapore	29.36	14.42	20.00	4.60
Ramco Systems FZ-LLC, Dubai	10.94	10.07	5.86	7.34

(Rs. Mln.)

Particulars	Transactions during 2012-13	Outstanding as at 31.03.2013	Transactions during 2011-12	Outstanding as at 31.03.2012
<b>Cost of services availed</b>				
Ramco Systems Corporation, USA	-	67.16	-	109.28
Ramco Systems Limited, Switzerland	-	26.05	-	37.52
Ramco Systems Sdn. Bhd., Malaysia	-	-	-	3.28
<b>Loans availed</b>				
Madras Cements Limited	1,620.00	137.50	1,012.50	130.00
<b>Loans given</b>				
RSL Enterprise Solutions (Pty) Ltd., S.Africa	27.30	6.33	-	-
Ramco Systems FZ-LLC, Dubai	-	-	1.24	-
Ramco Systems Pte. Ltd., Singapore	13.13	4.35	-	-
<b>Investments</b>				
RSL Software Company Limited., Sudan	2.08	-	-	-
Ramco Systems Australia Pty Ltd., Australia	14.66	-	-	-
Ramco Systems FZ-LLC, Dubai	-	-	0.62	-
<b>Interest - Expense</b>				
Madras Cements Limited	32.64	-	17.35	-
<b>Interest - Income</b>				
RSL Enterprise Solutions (Pty) Ltd., S.Africa	0.97	4.33	-	-
Ramco Systems FZ-LLC, Dubai	-	-	0.07	-
Ramco Systems Pte. Ltd., Singapore	0.55	-	-	-
<b>Rent - Expense</b>				
Madras Cements Limited	78.23	-	78.23	-

**Notes:**(a) Details of corporate guarantees given by the Group are given in Note No.8.1 above.

(b) Details of transactions with Key Management Personnel and Relatives

(i) Remuneration paid to Shri P R Venketrama Raja for the year is Rs.1.17 Mln. (Previous year Rs.1.17 Mln.).

(ii) Sitting fee paid to Shri P R Ramasubrahmaneya Rajha Rs.0.02 Mln. (Previous year Rs. 0.04 Mln.).

(c) The above figures include taxes as applicable.

**33** Amounts recovered from Subsidiaries towards expenses incurred on account of on-site employees to the extent of Rs. 74.28 Mln. (previous year Rs.48.60 Mln.) have been netted of from expenses.

**34** Figures for the previous year has been regrouped/restated wherever necessary to make them comparable with the figures for current year.

**35** The Company's shares are listed on Madras Stock Exchange Limited, Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The Listing Fees payable to these stock exchanges have been paid.

**36** The figures in Rupees have been rounded off to the million in both current and previous year.

As per our report annexed  
**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner  
Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
**V JAGADISAN**

**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**

**R S AGARWAL**  
Directors

# Ramco Systems Limited, INDIA

## RESEARCH AND DEVELOPMENT ACTIVITIES (REFER SL.NO.30 OF NOTES ON FINANCIAL STATEMENTS)

### BALANCE SHEET AS AT MARCH 31, 2013

	Note Number	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2012 (Rs. Mln.)
<b>EQUITY AND LIABILITIES</b>			
Reserves and Surplus	1	<u>(2,753.48)</u>	<u>(2,496.33)</u>
		<b>(2,753.48)</b>	<b>(2,496.33)</b>
<b>Current Liabilities</b>			
Short Term Borrowings		2,110.83	1,699.86
Trade Payables		5.21	6.31
Other Current Liabilities		0.01	0.86
Head Office Contra Account		<u>2,631.35</u>	<u>2,403.30</u>
		<b>4,747.40</b>	<b>4,110.33</b>
<b>TOTAL</b>		<u><b>1,993.92</b></u>	<u><b>1,614.00</b></u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	2		
- Tangible Assets		1.52	8.44
- Intangible Assets		<u>1,992.40</u>	<u>1,605.56</u>
<b>TOTAL</b>		<u><b>1,993.92</b></u>	<u><b>1,614.00</b></u>

Notes on financials of Research & Development Activities

1 to 6

As per our report annexed  
**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner  
Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
**V JAGADISAN**  
**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**  
**R S AGARWAL**

Directors

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note Number	Year ended 31.03.2013 (Rs. Mln.)	Year ended 31.03.2012 (Rs. Mln.)
<b>INCOME</b>			
Profit on sale of fixed assets		-	0.06
		-	0.06
<b>EXPENDITURE</b>			
Employee Benefit Expense	3	-	-
Finance Costs	4	-	-
Depreciation and Amortisation Expense	2	257.15	207.37
Other Expenses	5	-	-
<b>Total Expenditure</b>		<b>257.15</b>	<b>207.37</b>
<b>Profit / (Loss) For the Year</b>		<b>(257.15)</b>	<b>(207.31)</b>

Notes on financials of Research & Development Activities

1 to 6

As per our report annexed  
**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner  
Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
**V JAGADISAN**  
**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**  
**R S AGARWAL**

Directors



# Ramco Systems Limited, INDIA

## NOTES ON FINANCIALS OF RESEARCH & DEVELOPMENT ACTIVITIES

	<b>As at 31.03.2013 (Rs. Mln.)</b>	As at 31.03.2012 (Rs. Mln.)								
<b>1 Revenue Expenditure of Research and Development Activities</b>										
Transferred from Statement of Profit and Loss	(257.15)	(207.31)								
Balance brought forward from previous year	<u>(2,496.33)</u>	<u>(2,289.02)</u>								
	<b>(2,753.48)</b>	<b>(2,496.33)</b>								
<b>2 Fixed Assets</b>		(Rs. Mln.)								
Asset Description	Gross Block			Depreciation Block			Net Block			
	As at 01.04.2012	Additions	With- drawals	As at 31.03.2013	Upto 01.04.2012	For the year	With- drawals	Upto 31.03.2013	As at 01.04.2012	As at 31.03.2013
<b>TANGIBLE ASSETS</b>										
Plant & Machinery-EDP	80.45	-	-	80.45	72.05	6.91	-	78.96	8.40	1.49
Electrical Items	0.12	-	-	0.12	0.08	0.01	-	0.09	0.04	0.03
<b>Sub-Total</b>	<b>80.57</b>	<b>-</b>	<b>-</b>	<b>80.57</b>	<b>72.13</b>	<b>6.92</b>	<b>-</b>	<b>79.05</b>	<b>8.44</b>	<b>1.52</b>
Previous year	84.71	0.22	4.36	80.57	72.95	3.56	4.38	72.13	11.76	8.44
<b>INTANGIBLE ASSETS</b>										
Technology Platform	751.61	143.18	-	894.79	330.63	65.54	-	396.17	420.98	498.62
Product Software	1,789.95	458.79	-	2,248.73	606.41	179.00	-	785.41	1,183.54	1,463.33
Computer Software	41.10	35.10	-	76.20	40.06	5.69	-	45.75	1.04	30.44
<b>Sub-Total</b>	<b>2,582.66</b>	<b>637.06</b>	<b>-</b>	<b>3,219.72</b>	<b>977.10</b>	<b>250.23</b>	<b>-</b>	<b>1,227.34</b>	<b>1,605.56</b>	<b>1,992.40</b>
Previous year	2,073.68	508.98	-	2,582.66	773.29	203.81	-	977.10	1,300.39	1,605.56
<b>GRAND TOTAL</b>	<b>2,663.23</b>	<b>637.06</b>	<b>-</b>	<b>3,300.29</b>	<b>1,049.23</b>	<b>257.15</b>	<b>-</b>	<b>1,306.39</b>	<b>1,614.00</b>	<b>1,993.92</b>
Previous year	2,158.39	509.20	4.36	2,663.23	846.24	207.37	4.38	1,049.23	1,312.15	1,614.00
								<b>Year ended 31.03.2013 (Rs. Mln.)</b>	Year ended 31.03.2012 (Rs. Mln.)	
<b>3 Employee Benefit Expense</b>										
Salaries, Bonus, contributions etc.,								<b>320.64</b>	294.91	
Staff welfare								<b>2.49</b>	8.02	
Gross cost								<b>323.13</b>	302.93	
Less: Product Research and Development Expenditure Capitalised								<b>(323.13)</b>	(302.93)	
								-	-	
<b>4 Finance Costs</b>										
Interest on loans								<b>226.09</b>	165.11	
Gross cost								<b>226.09</b>	165.11	
Less: Product Research and Development Expenditure Capitalised								<b>(226.09)</b>	(165.11)	
								-	-	
<b>5 Other Expenses</b>										
Postage, telephone & communication								<b>1.79</b>	1.12	
Power & fuel								<b>29.78</b>	24.59	
Travel & conveyance								<b>0.24</b>	0.17	
Consultancy & outsourcing charges								<b>19.64</b>	13.99	
Other miscellaneous expenses								<b>1.29</b>	1.07	
Gross cost								<b>52.74</b>	40.94	
Less: Product Research and Development Expenditure Capitalised								<b>(52.74)</b>	(40.94)	
								-	-	
<b>6 Calculation of Total R&amp;D Expenditure</b>										
(i) Capital Expenditure for R&D (exclusive of Product Research & Development Expenditure capitalised) (Refer Note No. 2)								<b>35.10</b>	0.22	
(ii) Recurring R&D Expenditure:										
Employee Benefit Expense-Gross (Refer Note No. 3)								<b>323.13</b>	302.93	
Finance Costs-gross (Refer Note No.4)								<b>226.09</b>	165.11	
Other Expenses-gross (Refer Note No.5)								<b>52.74</b>	40.94	
Sub-total								<b>601.96</b>	508.98	
Total R&D expenditure (i) + (ii)								<b>637.06</b>	509.20	

**RAMCO SYSTEMS LIMITED**  
**GLOBAL CONSOLIDATED FINANCIAL STATEMENTS UNDER AS-21**

**SUBSIDIARIES**

- 1 Ramco Systems Corporation, USA
- 2 Ramco Systems Ltd., Switzerland
- 3 Ramco Systems Pte Ltd., Singapore
- 4 Ramco Systems Sdn Bhd., Malaysia
- 5 RSL Enterprise Solutions (Pty) Ltd., South Africa
- 6 Ramco Systems Canada Inc., Canada
- 7 Ramco Systems FZ-LLC, Dubai
- 8 RSL Software Company Limited, Sudan
- 9 Ramco Systems Australia Pty Ltd., Australia

**AUDITORS**

**Messers CNGSN & Associates**  
Chartered Accountants, Chennai

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## **AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF RAMCO SYSTEMS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO SYSTEMS LIMITED, INDIA AND ITS SUBSIDIARIES**

We have audited the accompanying consolidated financial statements of Ramco Systems Limited ('the Company') and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, the consolidated Statement of Profit and Loss and Consolidated Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the Consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (ii) in the case of the Consolidated Statement of Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### **Other matters**

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 378.94 Mln. as at 31<sup>st</sup> March, 2013 and total revenues of Rs. 604.41 Mln. for the year then ended. These financial statements have been audited / reviewed by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors. We have relied on the unaudited financial statements of the Associate for the year ended 28<sup>th</sup> February, 2013. Our opinion, in so far as it relates to the amounts included in respect of that Associate is based solely on such unaudited financial statements. Our opinion is not qualified in respect of other matters.

**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner  
Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

# Ramco Systems Limited, Global Consolidated (Under AS-21)

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

	Note Number	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2013 (USD Mln.)	As at 31.03.2012 (Rs. Mln.)	As at 31.03.2012 (USD Mln.)
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	2	157.73	3.60	155.52	3.56
Reserves and Surplus	3	1,127.44	20.20	1,498.20	29.04
		<u>1,285.17</u>	<u>23.80</u>	<u>1,653.72</u>	<u>32.60</u>
<b>Share Application Money pending allotment</b>		-	-	0.56	0.01
<b>Minority Interest</b>	27	0.36	0.01	1.73	0.05
<b>Non-current Liabilities</b>					
Long Term Borrowings	4	11.98	0.22	7.39	0.15
Deferred Tax Liability (Net)	30	1.28	0.03	1.45	0.03
Other Long Term Liabilities	5	38.40	0.71	40.75	0.81
Long Term Provisions	6	148.45	2.75	110.03	2.17
		<u>200.11</u>	<u>3.71</u>	<u>159.62</u>	<u>3.16</u>
<b>Current Liabilities</b>					
Short Term Borrowings	7	2,852.50	52.84	1,985.00	39.14
Trade Payables	8	300.79	5.57	233.30	4.59
Other Current Liabilities	9	295.57	5.48	250.43	4.94
Short Term Provisions	10	2.66	0.05	35.98	0.71
		<u>3,451.52</u>	<u>63.94</u>	<u>2,504.71</u>	<u>49.38</u>
<b>TOTAL</b>		<u>4,937.16</u>	<u>91.46</u>	<u>4,320.34</u>	<u>85.20</u>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets	11				
-Tangible Assets		168.47	3.12	164.07	3.23
-Intangible Assets		2,076.86	38.48	1,663.75	32.81
Goodwill (on consolidation)		994.51	18.42	994.51	19.61
Non-current Investments	12	2.68	0.05	0.90	0.02
Long Term Loans and Advances	13	149.17	2.76	128.63	2.54
Other Non-current Assets	14	-	-	-	-
		<u>3,391.69</u>	<u>62.83</u>	<u>2,951.86</u>	<u>58.21</u>
<b>Current Assets</b>					
Inventories	15	0.14	0.01	16.93	0.33
Trade Receivables	16	769.34	14.25	682.98	13.47
Cash and Bank Balances	17	132.88	2.46	114.04	2.25
Short Term Loans and Advances	18	105.39	1.95	97.40	1.92
Other Current Assets	19	537.72	9.96	457.13	9.02
		<u>1,545.47</u>	<u>28.63</u>	<u>1,368.48</u>	<u>26.99</u>
<b>TOTAL</b>		<u>4,937.16</u>	<u>91.46</u>	<u>4,320.34</u>	<u>85.20</u>

Notes on Consolidated financial statements

1 to 33

As per our report annexed  
For CNGSN & Associates  
Chartered Accountants  
Registration No.004915S

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
**V JAGADISAN**

**C N GANGADARAN**  
Partner  
Membership No.:11205

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**G VENKATRAM**  
Company Secretary

**R S AGARWAL**  
Directors

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	Note Number	Year ended 31.03.2013 (Rs. Min.)	Year ended 31.03.2013 (USD Min.)	Year ended 31.03.2012 (Rs. Min.)	Year ended 31.03.2012 (USD Min.)
<b>INCOME</b>					
Revenue from Operations	20	2,392.72	44.53	2,229.78	47.26
Other Income	21	81.20	1.51	111.67	2.37
Total Revenue		<u>2,473.92</u>	<u>46.04</u>	<u>2,341.45</u>	<u>49.63</u>
<b>EXPENDITURE</b>					
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	22	16.79	0.33	(15.90)	(0.31)
Purchase of stock-in-trade		60.71	1.11	31.38	0.64
Employee Benefit Expense	23	1,421.79	26.46	1,147.43	24.32
Finance Costs	24	60.53	1.13	25.68	0.54
Depreciation and Amortisation Expense	11	330.54	6.15	280.32	5.94
Other Expenses	25	991.44	18.45	963.52	20.44
<b>Total expenses</b>		<u>2,881.80</u>	<u>53.63</u>	<u>2,432.43</u>	<u>51.57</u>
<b>Profit / (Loss) Before Tax</b>		<u>(407.88)</u>	<u>(7.59)</u>	<u>(90.98)</u>	<u>(1.94)</u>
Tax Expenses	30				
- Current Tax		(0.37)	(0.01)	(4.54)	(0.10)
- Deferred Tax		-	-	0.22	-
<b>Profit / (Loss) After Tax and Before Minority Interest &amp; Equity in Earnings</b>		<u>(407.51)</u>	<u>(7.58)</u>	<u>(86.66)</u>	<u>(1.84)</u>
Minority Interest	27	1.36	0.04	1.68	0.04
Equity in Earnings of Affiliates	27	1.78	0.03	(4.29)	(0.09)
<b>Profit / (Loss) For The Year</b>		<u>(404.37)</u>	<u>(7.51)</u>	<u>(89.27)</u>	<u>(1.89)</u>

Earnings per equity share (EPS) of face value of Rs.10 each:

Basic & Diluted EPS (in Rs. and USD)	(25.81)	(0.48)	(5.75)	(0.12)
Weighted average number of Equity Shares outstanding - Basic	15,665,293		15,512,389	
Weighted average number of Equity Shares outstanding - Diluted	16,094,293		15,605,539	

Notes on Consolidated financial statements

1 to 33

As per our report annexed  
**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
**V JAGADISAN**

**C N GANGADARAN**  
Partner  
Membership No.:11205

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**G VENKATRAM**  
Company Secretary

**R S AGARWAL**  
Directors

# Ramco Systems Limited, Global Consolidated (Under AS-21)

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Year ended 31.03.2013 (Rs. Mln.)	Year ended 31.03.2013 (USD Mln.)	Year ended 31.03.2012 (Rs. Mln.)	Year ended 31.03.2012 (USD Mln.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit/(Loss) before tax as per Statement of Profit and Loss</b>	<b>(407.88)</b>	<b>(7.59)</b>	<b>(90.98)</b>	<b>(1.94)</b>
<b>Adjusted for:</b>				
Depreciation and Amortisation Expense	330.54	6.15	280.32	5.94
Bad debts written off	59.12	1.10	26.07	0.55
Provision for bad and doubtful debts	23.53	0.44	99.17	2.10
Finance Costs	60.53	1.13	25.68	0.54
(Profit)/Loss on Sale of Assets-Net	4.69	0.09	1.65	0.04
Interest Income	(0.60)	(0.01)	(0.35)	(0.01)
Effect of exchange difference on translation of deferred tax liability & fixed assets	(0.71)	3.33	(1.25)	9.75
Unrealised Exchange (Gain)/Loss	(11.70)	(0.22)	(1.12)	(0.02)
Effect of change in Foreign Currency Translation Reserve	11.86	(1.72)	22.74	(4.40)
Employee cost under ESOS/ESPS	15.91	0.29	-	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>85.29</b>	<b>2.99</b>	<b>361.93</b>	<b>12.55</b>
<b>Working Capital Changes:</b>				
Trade Receivables, Loans & Advances and Other Current /Non-current assets	(286.45)	(3.70)	(128.71)	1.16
Earmarked Balances with Banks - Margin money deposit	0.62	0.01	(0.10)	-
Inventories	16.79	0.33	(15.90)	(0.31)
Trade Payables, Provisions and Other liabilities	114.32	1.32	11.80	(1.66)
<b>Cash Generated from Operations</b>	<b>(69.43)</b>	<b>0.95</b>	<b>229.02</b>	<b>11.75</b>
Taxes Paid	7.44	0.16	(22.28)	(0.46)
<b>Net Cash (Used in)/Generated from Operating Activities</b>	<b>(61.99)</b>	<b>1.11</b>	<b>206.74</b>	<b>11.29</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Addition to Fixed Assets	(528.71)	(9.78)	(416.87)	(11.09)
Proceeds from Sale of Fixed Assets	2.59	0.05	2.53	0.05
Term deposit with Banks - others	(1.16)	(0.02)	(0.03)	-
Proceeds from Long Term Borrowings for assets under Hire purchase / Finance lease	13.47	0.24	6.14	0.08
Repayment of Long Term Borrowings for assets under Hire purchase / Finance lease	(6.46)	(0.12)	(9.15)	(0.19)
Interest Income	0.60	0.01	0.35	0.01
<b>Net Cash (Used in)/Generated from Investing Activities</b>	<b>(519.67)</b>	<b>(9.62)</b>	<b>(417.03)</b>	<b>(11.14)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital an account of exercise of employee stock options	7.92	0.15	0.80	0.02
Proceeds from Short Term Borrowings	6,005.00	108.87	3,622.50	66.96
Repayment of Short Term Borrowings	(5,137.50)	(95.17)	(3,187.50)	(62.87)
Finance Costs paid	(286.72)	(5.34)	(192.63)	(3.84)
<b>Net Cash (Used in)/Generated from Financing Activities</b>	<b>588.70</b>	<b>8.51</b>	<b>243.17</b>	<b>0.27</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>7.04</b>	<b>-</b>	<b>32.88</b>	<b>0.42</b>
Effect of Unrealised Foreign Exchange Fluctuation Gain/(Loss)	11.70	0.22	1.12	0.02
Cash and Cash Equivalents at the beginning of the year	111.15	2.19	77.15	1.75
<b>Cash and Cash Equivalents at the end of the year</b>	<b>129.89</b>	<b>2.41</b>	<b>111.15</b>	<b>2.19</b>
Earmarked Balances with Banks				
- Term Deposits held as margin money against bank guarantees	0.58	0.01	1.19	0.03
- Balance in ESOP / Rights issue accounts	0.17	-	0.61	0.01
Term Deposits - Others	2.24	0.04	1.09	0.02
<b>Closing Cash and Bank Balances</b>	<b>132.88</b>	<b>2.46</b>	<b>114.04</b>	<b>2.25</b>

As per our report annexed  
For CNGSN & Associates  
Chartered Accountants  
Registration No.004915S

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
**V JAGADISAN**

**C N GANGADARAN**  
Partner  
Membership No.:11205

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**G VENKATRAM**  
Company Secretary

**R S AGARWAL**  
Directors

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### I BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

##### A Basis of Preparation:

The financial statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

##### B Use of Estimates:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

#### II PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements have been prepared on the following basis:

The financial statements of subsidiaries have been combined on a line by line basis by adding together the book values of like item of assets, liabilities, income and expenditure after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses. The financial statement of the affiliate has been consolidated using the Equity Method as prescribed by Accounting Standard 23 issued by The Institute of Chartered Accountants of India.

The excess of cost of investments in subsidiary companies over its share of the equity of the subsidiary companies is recognised as 'Goodwill (on Consolidation)'. Such goodwill arising on consolidation is not amortised, but tested for impairment.

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions or other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's financial statements.

#### III TRANSLATION TO INDIAN RUPEES:

The functional currency of the Parent Company is Indian Rupee. The functional currencies of the subsidiaries are their respective local currencies. Their accounts are converted from their local currency to Indian Rupees in the following manner:

All income and expense items are translated at the moving average rate of exchange applicable for the year. All monetary and non-monetary assets and liabilities are translated at the closing rate as on Balance Sheet date. The equity share capital is stated at the exchange rate at the date of investment. The exchange difference arising out of the year end translation is debited or credited to Foreign Currency Translation Reserve Account and is being classified under Reserves and Surplus Account.

#### IV OTHER SIGNIFICANT ACCOUNTING POLICIES:

These are set out in the note no. 1 under notes on the standalone financial statements of Ramco Systems Limited, India.

#### GENERAL INFORMATION

The Consolidated Financial Statements cover Ramco Systems Limited, India (the Parent company), its Subsidiaries and Affiliate as given below:

S.No.	Name	Country	% holding	Year ending on
<b>Subsidiaries</b>				
(a)	Ramco Systems Corporation	USA	98%	31 <sup>st</sup> March
(b)	Ramco Systems Limited	Switzerland	100%	31 <sup>st</sup> March
(c)	Ramco Systems Sdn. Bhd.	Malaysia	100%	31 <sup>st</sup> March
(d)	Ramco Systems Pte. Limited	Singapore	100%	31 <sup>st</sup> March
(e)	RSL Enterprise Solutions (Pty) Limited	South Africa	100%	31 <sup>st</sup> March
(f)	Ramco Systems Canada Inc., (wholly owned subsidiary of Ramco Systems Corporation, USA)	Canada	98%	31 <sup>st</sup> March
(g)	Ramco Systems FZ-LLC, Dubai	Dubai	100%	31 <sup>st</sup> March
(h)	RSL Software Company Ltd.,	Sudan	100%	31 <sup>st</sup> March
(i)	Ramco Systems Australia Pty Ltd., (Incorporated on 20 <sup>th</sup> August, 2012)	Australia	100%	31 <sup>st</sup> March
<b>Affiliate</b>				
(a)	Citiworks (Pty) Limited (earlier known as Redlex 47 (Pty) Limited)	South Africa	30%	28 <sup>th</sup> February



## Ramco Systems Limited, Global Consolidated (Under AS-21)

	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2013 (USD Mln.)	As at 31.03.2012 (Rs. Mln.)	As at 31.03.2012 (USD Mln.)
<b>2 Share Capital</b>				
<b>Authorised</b>				
50,000,000 (previous year 50,000,000) Equity Shares of Rs.10 each	<u>500.00</u>		<u>500.00</u>	
<b>Issued</b>				
16,086,293 (previous year 15,865,921) Equity Shares of Rs.10 each	<u>160.86</u>	<u>3.68</u>	<u>158.66</u>	<u>3.64</u>
<b>Subscribed</b>				
16,086,293 (previous year 15,865,921) Equity Shares of Rs.10 each	<u>160.86</u>	<u>3.68</u>	<u>158.66</u>	<u>3.64</u>
<b>Paid-up</b>				
15,737,115 (previous year 15,516,743) Equity Shares of Rs.10 each (includes value of forfeited shares of Rs.353,890 (previous year Rs.353,890) for 349,178 shares)	<u>157.73</u>	<u>3.60</u>	<u>155.52</u>	<u>3.56</u>
	<u>157.73</u>	<u>3.60</u>	<u>155.52</u>	<u>3.56</u>
The company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share.				
<b>2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</b>				
Shares outstanding at the beginning of the year 15,516,743 (previous year 15,501,384)	<u>155.52</u>	<u>3.56</u>	<u>155.37</u>	<u>3.56</u>
Shares issued during the year under ESOS/ESPS- 220,372 (previous year 15,359)	<u>2.21</u>	<u>0.04</u>	<u>0.15</u>	<u>-</u>
Shares outstanding at the end of the year 15,737,115 (previous year 15,516,743)	<u>157.73</u>	<u>3.60</u>	<u>155.52</u>	<u>3.56</u>
<b>3 Reserves and Surplus</b>				
Securities Premium Account (includes value of forfeited shares of Rs.111,910 (previous year Rs.111,910) for 349,178 shares)	<u>1,966.61</u>	<u>45.41</u>	<u>1,949.57</u>	<u>45.10</u>
Foreign Currency Translation reserve	<u>75.40</u>	<u>(6.57)</u>	<u>63.54</u>	<u>(4.85)</u>
Share Options Outstanding	<u>4.71</u>	<u>0.08</u>	<u>-</u>	<u>-</u>
Balance in Statement of Profit and Loss	<u>(919.28)</u>	<u>(18.72)</u>	<u>(514.91)</u>	<u>(11.21)</u>
	<u>1,127.44</u>	<u>20.20</u>	<u>1,498.20</u>	<u>29.04</u>
<b>3.1 Securities Premium Account</b>				
Opening Balance	<u>1,949.57</u>	<u>45.10</u>	<u>1,948.91</u>	<u>45.09</u>
Shares issued during the year under ESOS-120,372 (previous year 15,359)	<u>5.83</u>	<u>0.11</u>	<u>0.66</u>	<u>0.01</u>
Add: Transferred from stock options outstanding *	<u>11.21</u>	<u>0.20</u>	<u>-</u>	<u>-</u>
Closing Balance	<u>1,966.61</u>	<u>45.41</u>	<u>1,949.57</u>	<u>45.10</u>
* Represents premium accounted (without receipt in cash) towards the difference between the market price of Rs. 122.05 prevailing on the relevant date and the issue price of Rs. 10 on 1,00,000 share allotted on 28 <sup>th</sup> May, 2012 under ESOS, as per SEBI guidelines.				
<b>3.2 Stock Options Outstanding</b>				
Gross employee stock compensation for options granted in earlier years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: Gross compensation options/shares granted during the year	<u>15.92</u>	<u>0.28</u>	<u>-</u>	<u>-</u>
Less: Transferred to Securities Premium on exercise of stock options/ shares	<u>(11.21)</u>	<u>(0.20)</u>	<u>-</u>	<u>-</u>
Closing balance	<u>4.71</u>	<u>0.08</u>	<u>-</u>	<u>-</u>
<b>3.3 Balance in Statement Profit and Loss</b>				
Opening balance	<u>(514.91)</u>	<u>(11.21)</u>	<u>(425.64)</u>	<u>(9.32)</u>
Current year Profit / (Loss)	<u>(404.37)</u>	<u>(7.51)</u>	<u>(89.27)</u>	<u>(1.89)</u>
Closing balance	<u>(919.28)</u>	<u>(18.72)</u>	<u>(514.91)</u>	<u>(11.21)</u>

	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2013 (USD Mln.)	As at 31.03.2012 (Rs. Mln.)	As at 31.03.2012 (USD Mln.)
<b>3.4 Foreign Currency Translation Reserve</b>				
Opening balance	63.54	(4.85)	40.80	(0.45)
Movement during the year	11.86	(1.72)	22.74	(4.40)
Closing balance	75.40	(6.57)	63.54	(4.85)

#### 4 Long Term Borrowings

Hire purchase loans, secured *	11.98	0.22	7.39	0.15
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\* Includes loan from Banks Rs. 0.07 Mln. (previous year Rs. 0.27 Mln. USD 0.01 Mln.) and others Rs. 11.91 Mln. USD 0.22 Mln. (previous year Rs.7.12 Mln. USD 0.14 Mln.)

4.1 The hire purchase loans are secured by hypothecation of assets (Vehicles) procured under the hire purchase scheme.

4.2 Terms of repayment: These loans are repayable in 48/60 equal monthly installments from the date of disbursement. The interest and maturity profile are as under:

##### As at 31.03.2013

Rate of Interest	2016-17		2015-16		2014-15		Total	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
9.00%	-	-	-	-	0.46	0.01	0.46	0.01
10.25%	-	-	-	-	0.15	-	0.15	-
10.50%	-	-	0.02	-	0.24	-	0.26	-
10.75%	0.44	0.01	0.39	0.01	0.35	0.01	1.18	0.03
11.00%	1.02	0.02	1.35	0.02	1.20	0.02	3.57	0.07
11.25%	0.43	0.01	1.61	0.03	1.44	0.03	3.48	0.06
11.50%	0.02	-	1.14	0.02	1.72	0.03	2.88	0.05
<b>TOTAL</b>	<b>1.91</b>	<b>0.04</b>	<b>4.51</b>	<b>0.08</b>	<b>5.56</b>	<b>0.10</b>	<b>11.98</b>	<b>0.22</b>

##### As at 31.03.2012

Rate of Interest	2015-16		2014-15		2013-14		Total	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
8.50%	-	-	0.11	-	0.45	0.01	0.56	0.01
9.00%	-	-	0.56	0.01	1.32	0.03	1.88	0.04
10.25%	-	-	0.15	-	0.16	0.01	0.31	0.01
10.50%	0.01	-	0.54	0.01	0.64	0.01	1.19	0.02
11.50%	0.80	0.02	1.40	0.03	1.25	0.02	3.45	0.07
<b>TOTAL</b>	<b>0.81</b>	<b>0.02</b>	<b>2.76</b>	<b>0.05</b>	<b>3.82</b>	<b>0.08</b>	<b>7.39</b>	<b>0.15</b>

#### 5 Other Long Term Liabilities

Trade payables	-	-	2.36	0.05
Other long term liabilities *	38.40	0.71	38.39	0.76
	38.40	0.71	40.75	0.81

\* Represents rental advance(s)

#### 6 Long Term Provisions

Provision for gratuity	33.27	0.62	18.52	0.37
Provision for leave encashment	115.18	2.13	91.51	1.80
	148.45	2.75	110.03	2.17

#### 7 Short Term Borrowings

Loans repayable on demand from Banks, secured	85.00	1.57	110.00	2.17
Loans repayable on demand from Banks, unsecured	100.00	1.85	-	-
Loans from Banks, unsecured	2,530.00	46.87	1,745.00	34.41
Loans repayable on demand from related parties, unsecured	137.50	2.55	130.00	2.56
	2,852.50	52.84	1,985.00	39.14

# Ramco Systems Limited, Global Consolidated (Under AS-21)

## 7.1 Short Term Borrowings Terms of Repayment and Security details

Loans repayable on demand, from Banks, secured, consists of:

- (a) Rs.10.00 Mln. USD 0.19 Mln. (previous year Rs.10.00 Mln. USD 0.20 Mln.) secured by a pari-passu first charge on current assets including stocks and book debts and fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease and supported by Corporate Guarantee from Ramco Industries Limited and
- (b) Rs.75.00 Mln. USD 1.38 Mln. (previous year Rs.100.00 Mln. USD 1.97 Mln.) secured by a pari-passu first charge on the current assets including stocks and book debts and supported by Corporate Guarantee from Ramco Industries Limited.

Loans repayable on demand, from Banks, secured, consists of:

- (a) Rs. 100.00 Mln. USD 1.85 Mln. (previous year Nil), supported by Corporate Guarantee from Madras Cements Limited.

Loans from Banks, unsecured, consists of :

- (a) Rs. 2,230.00 Mln. USD 41.31 Mln. (previous year Rs. 1,450.00 Mln. USD 28.59 Mln.), supported by Corporate Guarantee from Madras Cements Limited and
- (b) Rs.300.00 Mln. USD 5.56 Mln. (previous year Rs.295.00 Mln. USD 5.82 Mln.), supported by Corporate Guarantee from Ramco Industries Limited.

Loans repayable on demand from related parties, unsecured, consists of:

- (a) Rs.137.50 Mln. USD 2.55 Mln. (previous year Rs.130.00 Mln. USD 2.56 Mln.) from Madras Cements Limited.

	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2013 (USD Mln.)	As at 31.03.2012 (Rs. Mln.)	As at 31.03.2012 (USD Mln.)
<b>8 Trade Payables</b>				
Trade payables	300.79	5.57	233.30	4.59
<b>9 Other Current Liabilities</b>				
Unearned revenue	167.42	3.10	162.94	3.21
Hire purchase loans, secured #	5.75	0.10	3.47	0.07
Interest accrued but not due	0.44	0.02	0.40	0.01
Share application money due for refund	-	-	0.03	-
Statutory dues payable	35.15	0.65	31.48	0.62
Expenses payable	51.85	0.96	30.88	0.61
Others *	34.96	0.65	21.23	0.42
	<u>295.57</u>	<u>5.48</u>	<u>250.43</u>	<u>4.94</u>
# Secured by hypothecation of assets (vehicles) procured under the hire purchase scheme. Includes loan from Banks Rs. 0.20 Mln. (previous year Rs.0.20 Mln.) and others Rs. 5.55 Mln. USD 0.10 Mln. (previous year Rs.3.27 Mln. USD 0.07 Mln.)				
* Includes advance collected from customers and payable to vendors for capital payables				
<b>10 Short Term Provisions</b>				
Provision for gratuity	-	-	22.45	0.44
Provision for superannuation, leave encashment	2.52	0.05	12.13	0.24
Provision for taxation	0.14	-	1.40	0.03
	<u>2.66</u>	<u>0.05</u>	<u>35.98</u>	<u>0.71</u>

11 Fixed assets

In Million

Asset Description	Gross Block						Depreciation Block						Net Block														
	As at 01.04.2012		Additions		Translation Reserve Adjustments		Withdrawals		As at 31.03.2013		Up to 01.04.2012		Additions		Translation Reserve Adjustments		With-drawals		Up to 31.03.2013		As at 01.04.2012		As at 31.03.2013				
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	
<b>TANGIBLE ASSETS</b>																											
Building	3.12	0.06	-	-	-	-	-	-	3.12	0.06	1.46	0.03	-	-	-	-	-	-	1.56	0.03	1.66	0.03	1.56	0.03	1.66	0.03	
Plant & Machinery																											
-EDP	417.51	8.24	33.43	0.61	6.04	(0.39)	1.76	0.03	455.22	8.43	329.03	6.50	41.21	0.77	5.54	(0.29)	1.27	0.02	374.51	6.96	88.48	1.74	80.71	1.47	88.48	1.74	
-Others	9.94	0.20	0.23	-	0.64	-	-	-	10.81	0.20	9.93	0.19	0.04	-	0.64	-	-	-	10.61	0.19	0.01	0.01	0.20	0.01	0.01	0.01	
Furniture	67.85	1.34	5.18	0.10	1.14	(0.06)	1.21	0.02	72.96	1.36	55.92	1.11	3.44	0.06	1.21	(0.04)	0.37	0.01	60.20	1.12	11.93	0.23	12.76	0.24	11.93	0.23	
Office Equipments	14.73	0.29	1.20	0.02	0.78	-	0.10	-	16.61	0.31	14.39	0.29	0.23	-	0.78	-	0.10	-	15.30	0.29	0.34	-	1.31	0.02	0.34	-	
Electrical Items	66.18	1.30	8.46	0.16	(0.03)	(0.08)	3.44	0.06	71.17	1.32	18.68	0.36	3.48	0.06	(0.01)	(0.02)	0.85	0.02	21.30	0.38	47.50	0.94	49.87	0.94	47.50	0.94	
Vehicles	16.69	0.34	13.34	0.25	-	(0.02)	4.57	0.08	25.46	0.49	2.54	0.06	2.05	0.04	-	-	1.19	0.02	3.40	0.08	14.15	0.28	22.06	0.41	14.15	0.28	
<b>Sub-Total</b>	<b>596.02</b>	<b>11.77</b>	<b>61.84</b>	<b>1.14</b>	<b>8.57</b>	<b>(0.55)</b>	<b>11.08</b>	<b>0.19</b>	<b>655.35</b>	<b>12.17</b>	<b>431.95</b>	<b>8.54</b>	<b>50.55</b>	<b>0.93</b>	<b>8.16</b>	<b>(0.35)</b>	<b>3.78</b>	<b>0.07</b>	<b>486.88</b>	<b>9.05</b>	<b>164.07</b>	<b>3.23</b>	<b>168.47</b>	<b>3.12</b>	<b>164.07</b>	<b>3.23</b>	
Previous year	524.77	11.86	57.83	1.16	22.69	(1.07)	9.27	0.18	596.02	11.77	367.39	8.30	48.08	1.01	21.59	(0.68)	5.11	0.09	431.95	8.54	157.38	3.56	164.07	3.23	157.38	3.56	
<b>INTANGIBLE ASSETS</b>																											
Technology Platform	751.61	14.82	143.18	2.65	-	(0.90)	-	-	894.79	16.57	330.63	6.51	65.54	1.22	-	(0.40)	-	-	396.17	7.33	420.98	8.31	498.62	9.24	420.98	8.31	
Product Software	1,789.95	35.29	458.79	8.50	-	(2.14)	-	-	2,248.74	41.65	606.41	11.95	178.99	3.33	-	(0.74)	-	-	785.40	14.54	1,183.54	23.34	1,463.34	27.11	1,183.54	23.34	
Patents	8.84	0.17	2.18	0.04	-	(0.01)	-	-	11.02	0.20	1.91	0.03	0.99	0.02	-	-	-	-	2.90	0.05	6.93	0.14	8.12	0.15	6.93	0.14	
Computer Software	306.40	6.03	88.81	1.66	1.56	(0.34)	-	-	396.77	7.35	254.10	5.01	34.47	0.65	1.43	(0.28)	-	-	289.99	5.37	52.30	1.02	106.78	1.98	52.30	1.02	
<b>Sub-Total</b>	<b>2,856.80</b>	<b>56.31</b>	<b>692.96</b>	<b>12.85</b>	<b>1.56</b>	<b>(3.39)</b>	<b>-</b>	<b>-</b>	<b>3,551.32</b>	<b>65.77</b>	<b>1,193.05</b>	<b>23.50</b>	<b>279.99</b>	<b>5.22</b>	<b>1.43</b>	<b>(1.42)</b>	<b>-</b>	<b>-</b>	<b>1,474.46</b>	<b>27.29</b>	<b>1,663.75</b>	<b>32.81</b>	<b>2,076.86</b>	<b>38.48</b>	<b>1,663.75</b>	<b>32.81</b>	
Previous year	2,328.58	52.63	524.14	10.33	4.08	(6.65)	-	-	2,856.80	56.31	956.92	21.64	232.24	4.93	3.89	(3.07)	-	-	1,193.05	23.50	1,371.66	30.99	1,663.75	32.81	1,371.66	30.99	
<b>Goodwill on consolidation</b>	<b>994.51</b>	<b>19.61</b>	-	-	-	(1.19)	-	-	<b>994.51</b>	<b>19.61</b>	-	-	-	-	-	-	-	-	-	-	<b>994.51</b>	<b>19.61</b>	<b>994.51</b>	<b>19.61</b>	<b>994.51</b>	<b>19.61</b>	
Previous year	994.51	22.49	-	-	-	(2.88)	-	-	994.51	19.61	-	-	-	-	-	-	-	-	-	-	994.51	22.49	994.51	19.61	994.51	19.61	
<b>Grand-Total</b>	<b>4,447.33</b>	<b>87.69</b>	<b>754.80</b>	<b>13.99</b>	<b>10.13</b>	<b>(5.13)</b>	<b>11.08</b>	<b>0.19</b>	<b>5,201.18</b>	<b>96.36</b>	<b>1,625.00</b>	<b>32.04</b>	<b>330.54</b>	<b>6.15</b>	<b>9.59</b>	<b>(1.77)</b>	<b>3.78</b>	<b>0.07</b>	<b>1,961.34</b>	<b>36.34</b>	<b>2,822.33</b>	<b>55.65</b>	<b>3,239.84</b>	<b>60.02</b>	<b>2,822.33</b>	<b>55.65</b>	
Previous year	3,847.86	86.98	581.97	11.49	26.77	(10.60)	9.27	0.18	4,447.33	87.69	1,324.31	29.94	280.32	5.94	25.48	(3.75)	5.11	0.09	1,625.00	32.04	2,523.55	57.04	2,822.33	55.65	2,523.55	57.04	

Notes:

- Gross block includes assets purchased under Hire Purchase Rs. 24.72 Min. USD 0.48 Min. (previous year Rs. 15.94 Min. USD 0.31 Min.), Net block as on 31<sup>st</sup> March, 2013 Rs. 21.63 Min. USD 0.40 Min. (previous year Rs. 13.64 Min. USD 0.27 Min.).
- Gross block includes assets purchased under Finance Lease Rs. 25.29 Min. USD 0.49 Min. (previous year Rs. 25.29 Min. USD 0.50 Min.), Net block as on 31<sup>st</sup> March, 2013 Rs. 7.39 Min. USD 0.14 Min. (previous year Rs. 11.34 Min. USD 0.22 Min.).
- Additions to the gross block in respect of technology platform includes capitalisation of interest amounting to Rs. 53.78 Min. USD 1.00 Min. (previous year Rs 37.90 Min. USD 0.75 Min. and product software includes Rs. 172.32 Min. USD 3.19 Min. (previous year Rs 127.21 Min. USD 2.51 Min)).

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	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2013 (USD Mln.)	As at 31.03.2012 (Rs. Mln.)	As at 31.03.2012 (USD Mln.)
<b>12 Non-current Investments</b>				
<b>Trade, unquoted, long term</b>				
Investments in Equity instruments - 300 shares (previous year 300) of face value of ZAR 1 each in Citiworks (Pty) Limited, South Africa	2.68	0.05	0.90	0.02
<b>13 Long Term Loans and Advances</b>				
<b>Unsecured, considered good</b>				
Security deposits	38.84	0.72	37.09	0.73
Advance Tax and Tax deducted at source	110.33	2.04	91.54	1.81
	<u>149.17</u>	<u>2.76</u>	<u>128.63</u>	<u>2.54</u>
<b>14 Other Non-current Assets</b>				
Trade receivables, unsecured, considered doubtful	186.38	3.45	161.14	3.18
Provision for doubtful trade receivables	(186.38)	(3.45)	(161.14)	(3.18)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>15 Inventories</b>				
Stock-in-trade *	0.14	0.01	16.93	0.33
* Represents hardware and software materials held for resale, valued at cost or net realisable value whichever is lower and as certified by management				
<b>16 Trade Receivables</b>				
<b>Unsecured, considered good</b>				
<b>(a) Over six months from the date they were due for payment</b>				
Trade receivables	319.86	5.92	337.90	6.66
<b>(b) Others</b>				
Trade receivables	449.48	8.33	345.08	6.81
	<u>769.34</u>	<u>14.25</u>	<u>682.98</u>	<u>13.47</u>
<b>17 Cash and Bank Balances</b>				
<b>Cash and cash equivalents</b>				
Cash on hand	0.26	0.01	0.19	-
Balance with Banks	129.63	2.40	110.96	2.19
<b>Other bank balances</b>				
Term deposits held as margin money against bank guarantees	0.58	0.01	1.19	0.03
Term deposits others	2.24	0.04	1.09	0.02
Balance in Rights Issue / ESOS accounts	0.17	-	0.61	0.01
	<u>132.88</u>	<u>2.46</u>	<u>114.04</u>	<u>2.25</u>

	As at 31.03.2013 (Rs. Mln.)	As at 31.03.2013 (USD Mln.)	As at 31.03.2012 (Rs. Mln.)	As at 31.03.2012 (USD Mln.)
<b>18 Short Term Loans and Advances</b>				
<b>Unsecured, considered good</b>				
Loans and advances others *	105.39	1.95	97.40	1.92
* Includes customer security deposits, vendor advances, employee advances, statutory advances and prepaid expenses				
<b>19 Other Current Assets</b>				
Unbilled Revenue	534.98	9.91	454.66	8.97
Software work in progress	2.74	0.05	2.47	0.05
	<u>537.72</u>	<u>9.96</u>	<u>457.13</u>	<u>9.02</u>
	Year ended 31.03.2013 (Rs. Mln.)	Year ended 31.03.2013 (USD Mln.)	Year ended 31.03.2012 (Rs. Mln.)	Year ended 31.03.2012 (USD Mln.)
<b>20 Revenue from operations</b>				
Software revenue (License & Services)	2,301.63	42.83	2,196.59	46.56
Value added resale software and hardware materials	91.09	1.70	33.19	0.70
	<u>2,392.72</u>	<u>44.53</u>	<u>2,229.78</u>	<u>47.26</u>
<b>21 Other Income</b>				
Interest income	0.61	0.01	1.73	0.04
Profit on sale of assets	0.45	0.01	0.06	-
Recovery of expenses from customers	29.54	0.55	59.48	1.26
Rent income	46.91	0.87	46.49	0.99
Other Income	3.69	0.07	3.91	0.08
	<u>81.20</u>	<u>1.51</u>	<u>111.67</u>	<u>2.37</u>
<b>22 Changes in Inventories of Stock-in-trade</b>				
Opening stock	16.93	0.33	1.03	0.02
Closing stock	0.14	-	16.93	0.33
	<u>16.79</u>	<u>0.33</u>	<u>(15.90)</u>	<u>(0.31)</u>
<b>23 Employee Benefit Expense</b>				
Salaries, wages, bonus etc.,	1,295.19	24.10	1,038.21	22.01
Provident fund contribution	50.88	0.95	55.34	1.17
Gratuity and other retirals	66.46	1.24	45.83	0.97
Staff welfare	9.26	0.17	8.05	0.17
	<u>1,421.79</u>	<u>26.46</u>	<u>1,147.43</u>	<u>24.32</u>
<b>24 Finance Costs</b>				
Interest on loans	58.09	1.08	24.92	0.52
Other finance costs	2.44	0.05	0.76	0.02
	<u>60.53</u>	<u>1.13</u>	<u>25.68</u>	<u>0.54</u>

## Ramco Systems Limited, Global Consolidated (Under AS-21)

	Year ended 31.03.2013 (Rs. Mln.)	Year ended 31.03.2013 (USD Mln.)	Year ended 31.03.2012 (Rs. Mln.)	Year ended 31.03.2012 (USD Mln.)
<b>25 Other Expenses</b>				
Advertisement & sales promotion	75.89	1.41	82.23	1.74
Bank charges	2.73	0.05	2.72	0.06
Bad and doubtful debts & advances	59.12	1.10	26.07	0.55
Consultancy charges	48.90	0.91	39.66	0.84
Foreign exchange fluctuation, net	(3.65)	(0.07)	(29.10)	(0.62)
Insurance	9.80	0.18	7.35	0.16
Loss on sale of fixed assets	5.14	0.10	1.71	0.04
Office maintenance	21.61	0.40	18.44	0.39
Outsourcing costs	123.84	2.30	137.73	2.92
Provision for doubtful debts	23.53	0.44	99.17	2.10
Power & fuel	18.35	0.34	13.20	0.28
Printing & stationery	3.18	0.06	2.58	0.05
Postage, telephone & communication	53.39	0.99	37.95	0.80
Rent	184.98	3.44	167.69	3.55
Repairs - Buildings	3.91	0.07	0.01	-
Repairs - Plant & Machinery	8.66	0.16	9.73	0.21
Repairs - Others	8.60	0.16	6.85	0.15
Rates & taxes	23.48	0.44	21.63	0.46
Sales commission and other selling	48.29	0.90	42.56	0.90
Software subscription and maintenance	26.55	0.49	9.84	0.21
Travel & conveyance	220.94	4.11	219.06	4.64
Unfructified patent expenses	9.09	0.17	25.39	0.54
Other miscellaneous expenses	15.11	0.30	21.05	0.47
	<b>991.44</b>	<b>18.45</b>	<b>963.52</b>	<b>20.44</b>
	<b>As at 31.03.2013 (Rs. Mln.)</b>	<b>As at 31.03.2013 (USD Mln.)</b>	<b>As at 31.03.2012 (Rs. Mln.)</b>	<b>As at 31.03.2012 (USD Mln.)</b>
<b>26 Contingent Liabilities and Commitments</b>				
<b>26.1 Contingent Liabilities:</b>				
(a) Bank Guarantees	33.52	0.62	38.38	0.76
(b) Disputed Income tax / Wealth tax demands – pending before the first appellate authority	12.34	0.23	9.84	0.21
(c) In respect of disputed Sales tax demand amounting to Rs. 1.91 mln. USD 0.04 Mln. (previous year Nil), appeal is pending with the first appellate authority. Against this, Rs. 0.95 Mln. USD 0.02 Mln. has been deposited and for the balance, Bank Guarantee has been furnished.				
Note: The Company is engaged in development of software products, which are marketed by the Company and its overseas subsidiaries. The intellectual property rights are held by the company. There are in-built warranties for performance and support. Claims which may arise out of these are not quantifiable and hence not provided for.				
<b>26.2 Commitments:</b>				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	19.75	0.37	22.01	0.43

### 27 Minority Interest & Equity in Earnings

The share of Minority Interest in the subsidiaries of Ramco Systems Corporation, USA, and in Ramco Systems Canada Inc., Canada has been shown separately in the Balance Sheet.

Proportionate equity in the earnings of the Affiliate Citiworks (Pty) Limited, South Africa for the year Mar 2012-Feb 2013 is clubbed with the value of investment.

## 28 Segment Revenue

The company currently operates only in one segment, viz., Software Solutions & Services and hence the segment reporting as required by AS-17, issued by The Institute Chartered Accountants of India does not apply.

## 29 Related Party Transactions

As per Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

### (a) Key Management Personnel and Relatives

- 1 Shri P R Ramasubrahmaneya Rajha
- 2 Shri P R Venketrama Raja

### (b) Enterprises over which the above persons exercise significant influence and with which the Company has transactions during the year [Group]

- |  |                                   |
|--|-----------------------------------|
| 1 Rajapalayam Mills Limited                  | 7 Thanjavur Spinning Mill Limited |
| 2 Madras Cements Limited                     | 8 Rajapalayam Spinners Limited    |
| 3 Ramco Industries Limited                   | 9 Sri Harini Textiles Limited     |
| 4 The Ramaraju Surgical Cotton Mills Limited | 10 Swarna Bhoomi Estate           |
| 5 Sri Vishnu Shankar Mills Limited           | 11 Thanga Vilas Estate            |
| 6 Sandhya Spinning Mill Limited              |                                   |

The Company's transactions with the above Related Parties are given below:

In Million

Particulars	Transactions during 2012-13		Outstanding as at 31.03.2013		Transactions during 2011-12		Outstanding as at 31.03.2012	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
<b>Income from Sale of goods &amp; services</b>								
Madras Cements Limited	567.12	10.55	70.66	1.31	198.71	3.92	1.37	0.03
Ramco Industries Limited	8.85	0.16	0.09	-	19.76	0.39	-	-
Rajapalayam Mills Limited	1.28	0.02	0.04	-	1.27	0.02	-	-
The Ramaraju Surgical Cotton Mills Limited	0.81	0.02	0.02	-	0.82	0.02	-	-
Sri Vishnu Shankar Mills Limited	0.65	0.01	0.01	-	0.66	0.01	-	-
Sandhya Spinning Mill Limited	0.55	0.01	-	-	0.55	0.01	-	-
Thanjavur Spinning Mill Limited	0.31	0.01	-	-	0.32	0.01	-	-
Rajapalayam Spinners Limited	0.14	-	-	-	0.14	-	-	-
Sri Harini Textiles Limited	0.09	-	-	-	0.09	-	-	-
Swarna Bhoomi Estate	0.10	-	-	-	0.40	0.01	-	-
Thanga Vilas Estate	0.13	-	-	-	0.62	0.01	-	-
<b>Loans availed</b>								
Madras Cements Limited	1620.00	30.15	137.50	2.55	1,012.50	19.97	130.00	2.56
<b>Interest - Expense</b>								
Madras Cements Limited	32.64	0.61	-	-	17.35	0.34	-	-
<b>Rent - Expense</b>								
Madras Cements Limited	78.23	1.45	-	-	78.23	1.54	-	-

Notes: (a) Details of corporate guarantees given by the Group are given in Note No.7.1 above.

(b) Details of transactions with Key Management Personnel and Relatives:

- (i) Remuneration paid to Shri P R Venketrama Raja is Rs.1.17 Mn. USD 0.03 Mn. (Previous year Rs.1.17 Mn. USD 0.03 Mn.).
- (ii) Sitting fee paid to Shri P R Ramasubrahmaneya Rajha Rs.0.02 Mn. (Previous year Rs.0.04 Mn.).

(c) The above figures includes taxes as applicable.



# Ramco Systems Limited, Global Consolidated (Under AS-21)

## 30 Current Tax

### Ramco Systems Limited, India

No provision for Tax for the Company (including its Branches at United Kingdom and Germany) has been made in view of absence of taxable profits during current and previous year. Profits of the Dubai Branch are tax free.

No provision for taxation has been made by subsidiaries, except RSL Software Company Ltd., Sudan in the absence of taxable profits. It includes credit for tax refund due in respect of Ramco Systems Canada Inc., Canada. The Tax provision for the previous year represents the provision made by Ramco Systems Corporation, USA and includes credit for tax refund due by Ramco Systems Canada Inc., Canada.

### Deferred Tax

### Ramco Systems Limited, India

The Company has net deferred tax assets as at 31<sup>st</sup> March, 2013 and as on 31<sup>st</sup> March, 2012, which arise mainly on account of carry forward losses. However, the Company has not taken credit for such net deferred tax assets.

In the case of subsidiaries, deferred tax asset / liability to the extent provided in their accounts, has been considered, except in case of RSL Enterprise Solutions (Pty) Limited, South Africa, where in net deferred tax assets arise during the year due to accumulated losses, for which no credit has been considered for.

- 31 Figures for the previous year has been regrouped/restated wherever necessary to make them comparable with the figures for current year.
- 32 For translating local currency of subsidiaries into Indian Rupees the exchange rate applied is as per serial number III of the accounting policies given in Note No. 1. The figures in the US Dollars given alongside the Indian Rupees are provided by way of additional information and are obtained by converting the assets and liabilities at the exchange rates in effect at the balance sheet date, except share capital and share premium which are converted at the exchange rate prevailing on the date of transaction and the revenues, costs and expenses at the average exchange rate prevailing during the reporting period. The resultant gains or losses are taken to the translation reserve.
- 33 The figures in Rupees and USD have been rounded off to the million in both current and previous year.

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As per our report annexed  
**For CNGSN & Associates**  
Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner  
Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**  
**V JAGADISAN**  
**M M VENKATACHALAM**  
**A V DHARMAKRISHNAN**  
**R S AGARWAL**

Directors

## INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs (MCA) had issued a General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011, granting exemption to all companies from the provisions of Section 212, subject to compliance with conditions mentioned in the said Circular. Pursuant to that the following informations are provided: (Rs. Mln.)

Name of the Subsidiary	Year	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) Before Tax	Provision for Tax	Profit After Tax	Proposed dividend	Exchange Rate used (Rs. per unit of foreign currency)	
												BS	P&L
Ramco Systems Corporation, USA	2012-13	105.74	(85.57)	175.36	175.36	0.43	400.09	(78.05)	-	(78.05)	-	53.98	53.74
	2011-12	105.74	(13.42)	224.31	224.31	0.43	363.13	(60.60)	0.65	(61.25)	-	50.71	47.17
Ramco Systems Ltd., Switzerland	2012-13	29.33	33.06	84.45	84.45	-	96.55	14.21	-	14.21	-	56.38	57.21
	2011-12	29.33	16.09	75.04	75.04	-	121.81	10.07	-	10.07	-	55.88	53.49
Ramco Systems Sdn. Bhd, Malaysia	2012-13	18.22	(5.66)	29.89	29.89	-	39.73	(17.88)	-	(17.88)	-	17.76	17.59
	2011-12	18.22	10.71	38.70	38.70	-	37.13	0.42	-	0.42	-	16.81	15.65
Ramco Systems Pte. Ltd., Singapore	2012-13	18.62	(73.45)	51.65	51.65	-	133.78	(55.99)	-	(55.99)	-	43.27	43.08
	2011-12	18.62	(17.16)	31.45	31.45	-	83.82	(4.64)	-	(4.64)	-	40.25	37.55
RSL Enterprise Solutions (Pty) Ltd., South Africa	2012-13	-	(22.21)	140.70	140.70	-	240.13	(68.44)	-	(68.44)	-	5.71	6.27
	2011-12	-	42.18	174.46	174.46	-	232.36	3.49	0.22	3.27	-	6.44	6.26
Ramco Systems Canada Inc., Canada	2012-13	0.43	4.15	17.77	17.77	-	15.15	(1.94)	(0.59)	(1.41)	-	52.92	53.43
	2011-12	0.43	5.10	80.61	80.61	-	260.78	(13.65)	(5.18)	(8.47)	-	50.58	47.44
Ramco Systems FZ-LLC, Dubai	2012-13	0.62	6.34	64.55	64.55	-	80.04	2.49	-	2.49	-	14.41	14.34
	2011-12	0.62	3.38	20.08	20.08	-	25.80	3.51	-	3.51	-	13.54	12.59
RSL Software Company Ltd., Sudan	2012-13	2.08	(0.65)	5.14	5.14	-	13.82	1.60	0.16	1.44	-	9.62	11.04
	2011-12	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ramco Systems Australia Pty Ltd., Australia	2012-13	14.66	(16.66)	2.57	2.57	-	0.36	(15.79)	-	(15.79)	-	56.00	55.24
	2011-12	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Note: (a) RSL Software Company Ltd., Sudan has been incorporated as 100% subsidiary on 22<sup>nd</sup> February, 2012, however there was no financial transactions during the financial year 2011-12.

(b) Ramco Systems Australia Pty Ltd., Australia has been incorporated as 100% subsidiary on 20<sup>th</sup> August, 2012.

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**  
Director

**V JAGADISAN**  
Director

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**N K SHRIKANTAN RAJA**  
Director

**A V DHARMAKRISHNAN**  
Director

**G VENKATRAM**  
Company Secretary

**M M VENKATACHALAM**  
Director

**R S AGARWAL**  
Director

Place: Chennai  
Date : 30<sup>th</sup> May, 2013

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## Overseas Locations

### North America

#### USA

Ramco Systems Corporation  
Crossroads Corporate Center  
3150, Brunswick Pike, Suite 130  
Lawrenceville, NJ 08648  
Tel: +1 609 620 4800  
Fax: +1 609 620 4860  
Toll-free: +1 800 472 6261  
e-mail: info-us@ramco.com

#### Canada

Ramco Systems Canada Inc.  
World Exchange Plaza  
45, O'Connor St., Suite 1150  
Ottawa, Ontario, Canada. K1P 1A4  
e-mail: info-us@ramco.com

#### Atlanta

Ramco Systems Corporation  
3525 Piedmont Road  
7 Piedmont Center, Suite 300  
Atlanta, GA 30305

### South America

#### Puerto Rico

Ramco Systems Corporation  
No.1617, Ponce de Leon St.  
Reperto de Diego, Rio Piedras  
Puerto Rico 00926

### Europe

#### Switzerland

Ramco Systems Ltd.  
Lange Gasse 90, Postfach  
CH - 4020, Basel  
Switzerland  
Tel: +41 61 205 2525/2509  
Fax: +41 61 205 2590  
e-mail: info@ramco.ch

#### United Kingdom

Ramco Systems Ltd.  
Exchange House  
494, Midsummer Boulevard  
Central Milton Keynes MK9 2EA  
United Kingdom  
Tel: +44 1908 255 989  
Fax: +44 1908 255 589  
Mobile: +78 81911231

#### Germany

Ramco Systems Ltd.  
Lyoner Strasse 14 60528  
Frankfurt am Main Germany  
Tel: +49 069 6655 4485  
Fax: +49 069 6655 4100

### North Africa

#### Sudan

RSL Software Company Limited  
House number 306, Second Floor  
Block 21, Riyadh, Khartoum, Sudan

### South Africa

RSL Enterprise Solutions (Pty) Ltd.  
No. 5, Walnut Road  
2nd Floor, SmartXchange Building  
PO No. 1228, Durban - 4000  
South Africa  
Tel: +27 31 304 0911, 0918, 0928  
Fax: +27 31 304 3499

### ASEAN

#### Malaysia

Ramco Systems Sdn Bhd  
3 B - 15 - 7, Level 15 Block 3 B  
Plaza Sentral, Jalan Stesen Sentral 5  
Kuala Lumpur 50470  
Tel: +603 2260 3978 / 4978  
Fax: +6 03 2260 1978

#### Singapore

Ramco Systems Pte. Ltd.  
10, Eunos Road 8  
#13-06, Singapore Post Centre  
Singapore - 408 600  
Tel: +65 6743 1513  
Fax: +65 6743 1514

### Australia & New Zealand

Ramco Systems Australia Pty. Ltd.  
Level 2, Riverside Quay  
1 Southbank Blvd  
Southbank, VIC 3003, Australia

### Middle East

#### Dubai

Ramco Systems Ltd.  
Suite 205, 2nd Floor, BT Building  
EIB-4, Dubai Internet City  
PO Box 500235, Dubai, UAE  
Tel: +971 4 3636784  
Fax: +971 4 3636785

#### Dubai

Ramco Systems FZ LLC.  
Office No.111, Building No. EIB-04  
Dubai Internet City, Dubai



For more information, you can e-mail us at [contact@ramco.com](mailto:contact@ramco.com) or visit us at [www.ramco.com](http://www.ramco.com)

ERP | SCM | HCM | EAM | CRM | Financials | APS | Process Control | Analytics | Aviation | BFSI | Energy & Utilities | Government | Logistics | Manufacturing | Services

Ramco Systems Limited  
#64, Sardar Patel Road, Taramani, Chennai 600 113, India  
Tel: +91 44 2235 4510/3090 4000. Toll-free: 1800 425 6667

